
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Chuan Holdings Limited.

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 **Chuan Holdings Limited**, 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 effected 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)

CONNECTED TRANSACTION IN RELATION TO ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, is set out on pages 17 and 18 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, is set out on pages 19 to 36 of this circular.

A notice convening the EGM to be held at 20 Senoko Drive, Singapore 758207 on Thursday, 4 January 2024 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. 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 Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, 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 (i.e. at or before 10:00 a.m. on Tuesday, 2 January 2024) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

15 December 2023

* For identification purpose only

CONTENTS

	<i>PAGE</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	17
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	19
APPENDIX I – GENERAL INFORMATION	I-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 17 November 2023 in relation to the re-designation of Mr. Phang as an executive Director and the Subscription
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of the Directors
“Business Day(s)”	day(s) on which banks in Hong Kong are generally open for business (excluding Saturdays and Sundays)
“close associate(s)”	has the meaning ascribed thereto in the Listing Rules
“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 (Stock Code: 1420)
“Completion”	the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which the Completion takes place which shall be within 15 Business Days (or such other date as agreed between the Company and Mr. Phang in writing) following fulfilment or waiver (if applicable) of all conditions precedent to the Completion pursuant to the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 20 Senoko Drive, Singapore 758207 on Thursday, 4 January 2024 at 10:00 a.m., or any adjournment thereof for the purpose of considering, and if thought fit, approving, among others, the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong Dollar, 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 committee of the Board, comprising all three independent non-executive Directors who do not have a material interest in the Subscription, formed for the purpose of advising the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate
“Independent Financial Adviser” or “Grande Capital”	Grande Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the specific mandate
“Independent Shareholder(s)”	the Shareholder(s) who is/are not required to abstain from voting on the resolution approving the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, at the EGM due to any material interest in the Subscription
“Latest Practicable Date”	11 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2024 (or such later date as the Company and Mr. Phang may agree in writing)
“Model Code”	Model Code of Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules

DEFINITIONS

“Mr. Phang”	Mr. Phang Yew Kiat, the chairman of the Board and a non-executive Director
“Notice”	the notice convening the EGM dated 15 December 2023 set out on pages EGM-1 to EGM-3 of this circular
“SFO”	Securities and Futures Ordinance, Chapter 571 Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Share Option(s)”	the share option(s) granted by the Company pursuant to the share option scheme adopted by the Company on 10 May 2016
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the issuing by the Company and the subscription by Mr. Phang of the Subscription Shares under the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 17 November 2023 entered into between the Company and Mr. Phang in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.074 per Subscription Share
“Subscription Shares”	207,291,200 new Shares to be allotted and issued by the Company to Mr. Phang pursuant to the Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“S\$”	Singapore Dollar, the lawful currency of 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. Bijay Joseph

Non-executive Director:

Mr. Phang Yew Kiat (*Chairman*)

Independent Non-executive Directors:

Mr. Wee Hian Eng Cyrus

Mr. Wong Ka Bo Jimmy

Mr. Xu Fenglei

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

Principal Place of Business in Hong Kong:

Rooms 2102-03, 21/F, 299QRC

287-299 Queen's Road Central

Hong Kong

15 December 2023

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RELATION TO
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

On 17 November 2023 (after trading hours), the Company and Mr. Phang, the chairman of the Board and a non-executive Director, entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Phang has conditionally agreed to subscribe for, 207,291,200 new Shares at the Subscription Price of HK\$0.074 per Subscription Share for a total consideration of HK\$15,339,548.80 in cash.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) details of the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate; (iv) other information as required under the Listing Rules; and (v) the Notice.

THE SUBSCRIPTION AGREEMENT

Date

17 November 2023

Parties

- (1) the Company (as issuer); and
- (2) Mr. Phang (as subscriber).

The Subscription

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Mr. Phang has conditionally agreed to subscribe for, 207,291,200 new Shares at the Subscription Price of HK\$0.074 per Subscription Share.

The Subscription Shares

As at the Latest Practicable Date, the total number of issued Shares was 1,036,456,000 Share. The Subscription Shares represent (i) 20% of the existing issued share capital of the Company; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there are no other changes in the share capital of the Company from the Latest Practicable Date and up to the Completion Date).

The aggregate nominal value of the Subscription Shares will be HK\$2,072,912.00.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of the allotment and issue of the Subscription Shares, including the voting rights and the rights to receive all dividends and/or distributions made or declared on or after the date of such allotment and issue.

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price of HK\$0.074 per Subscription Share represents:

- (a) the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on 17 November 2023, being the date of the Subscription Agreement;
- (b) a premium of approximately 0.54% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Subscription Agreement;
- (c) a premium of approximately 0.95% to the average closing price of HK\$0.0733 per Share as quoted on the Stock Exchange for the ten trading days immediately preceding the date of the Subscription Agreement;
- (d) a premium of approximately 0.63% to the average closing price of approximately HK\$0.0735 per Share as quoted on the Stock Exchange for the thirty trading days immediately preceding the date of the Subscription Agreement;
- (e) a discount of approximately 6.33% to the closing price of HK\$0.079 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (f) a discount of approximately 85.05% to the audited consolidated net asset value per Share as at 31 December 2022 of approximately HK\$0.495, which is calculated based on the audited consolidated net assets of the Group of approximately S\$88,783,000.00 as at 31 December 2022 as extracted from the annual report of the Group for the financial year ended 31 December 2022 and 1,036,456,000 Shares in issue as at 31 December 2022 (based on the exchange rate of S\$1.00 to HK\$5.78 as at 31 December 2022 for illustration purpose only);
- (g) a discount of approximately 85.35% to the unaudited consolidated net asset value per Share as at 30 June 2023 of approximately HK\$0.505, which is calculated based on the unaudited consolidated net assets of the Group of approximately S\$90,549,000.00 as at 30 June 2023 as extracted from the interim report of the Group for the six months ended 30 June 2023 and 1,036,456,000 Shares in issue as at 30 June 2023 (based on the exchange rate of S\$1.00 to HK\$5.78 as at 30 June 2023 for illustration purpose only); and
- (h) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of the Subscription of nil%, as there is no discount of the theoretical diluted price of HK\$0.074 per Share to the benchmarked price of HK\$0.074 per Share, taking into account the higher of (i) the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Subscription Agreement.

LETTER FROM THE BOARD

The Subscription Price was arrived at arm's length negotiations between the Company and Mr. Phang with reference to (i) the Subscription Price represented a slight premium of approximately 0.543%, 0.955% and 0.635% to the average closing prices per Share of HK\$0.0736, HK\$0.0733 and approximately HK\$0.0735 as quoted from the Stock Exchange for the five, ten and thirty trading days immediately preceding the date of the Subscription Agreement respectively; (ii) the average daily trading volume of the Shares for the thirty trading days and twelve-month period immediately preceding the date of the Subscription Agreement were approximately 35,467 Shares (i.e. approximately 0.003% of the total number of issued Shares as at the date of the Subscription Agreement) and 200,443 Shares (i.e. approximately 0.019% of the total number of issued Shares as at the date of the Subscription Agreement) respectively, showing a very thin trading liquidity of the Shares; (iii) with the net proceeds from the global offering of the Shares of approximately S\$26.5 million being fully utilised as at 31 December 2022, the financial position of the Group remained sound with its working capital mainly financed by the internally generated funds and bank borrowings; and (iv) the Hong Kong stock market had remained weak since 2023, due to, among others, the interest rate hikes by the Federal Reserve of the United States. The market price of the Share has been trading at significant discount to the net asset value per Share since or about mid-April 2019, during which the closing prices per Share represent significant discounts to the audited consolidated net asset value per Share as at 31 December 2022 of approximately HK\$0.495, ranging from a discount of approximately 51.52% to 86.26%, and the unaudited consolidated net asset value per Share as at 30 June 2023 of approximately HK\$0.505, ranging from a discount of approximately 52.48% to 86.53%, respectively. The discounts of the Subscription Price to the audited consolidated net asset value per Share as at 31 December 2022 of approximately 85.05% and the unaudited consolidated net asset value per Share as at 30 June 2023 of approximately 85.35% are within the respective ranges. Furthermore, the closing prices per Share have formed a general downward trend since or about 28 February 2023 from the highest of HK\$0.18, which represents a discount of approximately 63.63% and approximately 64.36% to the audited consolidated net asset value per Share as at 31 December 2022 and to the unaudited consolidated net asset value per Share as at 30 June 2023 respectively, and reached the lowest of HK\$0.073, which represents a discount of approximately 85.25% and approximately 85.54% to the audited consolidated net asset value per Share as at 31 December 2022 and to the unaudited consolidated net asset value per Share as at 30 June 2023 respectively, on 9 October 2023. The closing prices per Share had remained at HK\$0.073 for the period between 9 October 2023 and 16 November 2023 (except for the respective dates of 26 October 2023, 27 October 2023, 30 October 2023 and 13 November 2023). Therefore, the discount of the Subscription Price to the net asset value per Share is in line with the trend of discount between the market price of the Share and its net asset value.

The Directors (including the members of the Independent Board Committee after taking into account the advice from the Independent Financial Adviser but excluding Mr. Phang who has abstained from voting due to his material interest in the Subscription) consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions precedent

The Completion is conditional upon fulfilment of all the following conditions:

- (a) the representations, warranties and undertakings made and given by the Company under the Subscription Agreement being true and accurate in all material aspects and not materially misleading as if the Company had given them on the Completion Date by reference to the facts and circumstances then existing as at the Completion Date;
- (b) the representations, warranties and undertakings made and given by Mr. Phang under the Subscription Agreement being true and accurate in all material aspects and not materially misleading as if Mr. Phang had given them on the Completion Date by reference to the facts and circumstances then existing as at the Completion Date;
- (c) the granting of the approval for the listing of, and permission to deal in, the Subscription Shares by the Listing Committee;
- (d) the passing of the ordinary resolution approving the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, by the Independent Shareholders at the EGM; and
- (e) all other authorisations, approvals, consents, waivers and permits (if any) which are necessary or relevant to give effect to the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, having been granted, received or obtained and not revoked or withdrawn on the Completion Date.

The Company may, at its sole discretion, waive the condition set out in paragraph (b) and Mr. Phang may, at his sole discretion, waive the condition set out in paragraph (a). The conditions set out in paragraphs (c) to (e) cannot be waived.

If any of the conditions set out in paragraphs (a) to (e) is not fulfilled or waived (as the case may be) on or before the Long Stop Date, either the Company or Mr. Phang may by giving written notice to the other party terminate the Subscription Agreement, upon which all the rights and obligations of the Company and Mr. Phang shall cease immediately, save for the then accrued rights and obligations.

As at the Latest Practicable Date:

- (i) save as disclosed above, the Company was not aware of any other authorisations, approvals, consents, waivers and permits necessary or relevant to give effect to the Subscription Agreement and the transactions contemplated thereunder; and
- (ii) none of the conditions set out in paragraphs (a) to (e) had been fulfilled or waived (if applicable).

LETTER FROM THE BOARD

Completion

The Completion shall take place on the Completion Date when the Company shall allot and issue the Subscription Shares to Mr. Phang and Mr. Phang shall pay to the Company the total consideration for the Subscription Shares in cash.

SPECIFIC MANDATE

The Subscription Shares will be allotted and issued under the Specific Mandate to be granted to the Directors by the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

INFORMATION OF THE GROUP AND MR. PHANG

The Group

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

The principal activities of the Group are (i) the provision of earthworks and ancillary 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, which can be classified into interior works or works affecting building systems, or components such as structural works, additions of lifts and reinforcement works, and the construction of new buildings.

Mr. Phang

Mr. Phang is the chairman of the Board and a non-executive Director. As disclosed in the Announcement, Mr. Phang will be re-designated as an executive Director with effect from 1 January 2024. Mr. Phang will be the executive chairman of the Board and continue to act as the chairman of the nomination committee of the Board.

As at the Latest Practicable Date, Mr. Phang had interest in 31,092,000 underlying Shares, representing approximately 3.00% in the issued share capital of the Company, in respect of 31,092,000 Share Options granted to him as beneficial owner.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

Reasons for and Benefits of the Subscription

The principal activities of the Group comprise the provision of earthworks and ancillary services as well as general construction works, operations of which are mainly carried out by the Company's subsidiaries in Singapore.

The award of the Group's A2-grade contractor status for civil engineering and general building in Singapore's Building and Construction Authority Contractors Registry System in 2021 has enabled the Group to tender for public sector construction projects with higher individual contract value up to S\$95 million. Leveraging its professional expertise and coupled with effective strategic partnership with leading enterprises in the industry, the Group managed to secure new projects with a combined contract value of approximately S\$100 million for each of the financial years ended 31 December 2021 and 2022. The Group is expected to reach its new high in 2023. As disclosed in the interim report of the Group for the six months ended 30 June 2023, Singapore's construction industry is expected to regain its momentum in the medium to long term amid a further pick-up in construction activity propelled by the government's strong pipeline of public housing projects and mega-construction projects. Having been actively capturing business opportunities arising from the resumption of construction activity, the Group secured projects with a combined contract worth exceeding S\$102.4 million for the first half year of 2023, including several mega-projects spanning public infrastructure, residential development and industrial construction. As at the Latest Practicable Date, the Group managed to secure 9 more projects with an estimated combined contract sum of approximately S\$118 million. In order to support the Group's operations and enable the Group to undertake more projects, the Group has been progressively expanding its production capacity and workforce, including acquisition of construction equipment and machineries (e.g. excavation machines and tipper truckers) and recruitment of more foreign workers. As at the Latest Practicable Date, the Group had a total of 436 foreign workers.

In view of (i) the Group's business scale, strategic development and ongoing projects; (ii) the master lease agreement entered into by the Group for the leasing of, among others, ancillary office, warehouse, workers dormitory and parking spaces for heavy vehicles, shall soon expire on 31 December 2023; (iii) the number of foreign workers who stay at the Group's leased workers dormitory and the dormitories operated by third parties; (iv) supply shortage of foreign workers dormitories which results in surging dormitory costs; (v) the more stringent requirements imposed by the Singapore government on the employers' responsibility to ensure its migrant workers are provided with proper housing; and (vi) the future business opportunities of construction works in Singapore, the Group will continue to strengthen its market presence and competitiveness in the construction industry by increasing its working capital, production capacity and workforce, and to provide sufficient and suitable operation space and housing for its foreign workers, including leasing or acquisition of property.

LETTER FROM THE BOARD

The Subscription demonstrates Mr. Phang's confidence and commitment for the Group's long-term development and growth prospect, whose support is crucial to the Group, especially in terms of strategic growth, talent management and succession planning. With its ultimate goal of achieving sustainable profitability and creating the greatest long-term value for the Shareholders, the Group endeavours to build a talent team according to its own business development needs, as well as to improve the management and professional level of its staff, in hopes of enhancing the Group's effectiveness in terms of operations and management capabilities. As disclosed in the Announcement, Mr. Phang will be re-designated as an executive Director with effect from 1 January 2024. Taking into account the succession planning of the Board and the Group's commitment to fostering sustainable and enduring future development, the Company accords talent retention the highest priority, and values Mr. Phang's contribution and services to the Group. Since October 2020, Mr. Phang has acted as a non-executive chairman of the Board and apart from providing leadership to the Board, Mr. Phang has involved in, and provided exceptional guidance to, the Group's management planning and talent retention. The Group's management is greatly benefited from Mr. Phang's expertise in corporate governance and strategic management, which assisted the Group to navigate the uncertain economic landscape during the Coronavirus Disease 2019 pandemic.

The Subscription also further strengthens the capital base of the Company by raising additional funds for the Group's business operations. The Board has considered other alternative fund raising methods, including debt financing, rights issue and open offer. As at 30 June 2023, the Group's gearing ratio was approximately 0.07 times, which was calculated by dividing the aggregated sums of the current and non-current bank borrowings (being approximately S\$2,446,000.00) and leased liabilities (being approximately S\$3,852,000.00) of approximately S\$6,298,000.00 by the total equity of S\$90,549,000.00 as at 30 June 2023. However, in light of the prevailing market conditions that the interest rate for debt financing has raised significantly, the Board considers that debt financing will incur additional financial costs such as interest expenses on the Group, and hence, it is prudent to consider financing the funding needs of the Group in the form of equity which will not increase the Group's finance costs. In respect of equity financing such as rights issue or open offer, taking into account the recent price performance and the thin trading liquidity of the Shares and the prevailing market conditions as elaborated in the section headed "The Subscription Price", the Company is very likely required to provide a discount on the issue/subscription price relative to the market price of the Shares in order to increase the attractiveness of the equity fund raising exercise, whilst the Subscription Price is equivalent to the closing price per Share on the date of the Subscription Agreement and represents a slight premium to the average closing prices per Share for the five, ten and thirty trading days immediately preceding the date of the Subscription Agreement respectively. Furthermore, rights issue or open offer usually involves the engagement of reporting accountants, financial advisers and/or brokerage agent(s) and the issue of listing documents with other application and administrative procedures which may require relatively longer time and incur additional administrative costs as compared to the equity financing by way of allotment and issue of new Shares under the Specific Mandate. Accordingly, in view of the abovementioned matters and a slight dilution of the aggregate shareholding interests of the existing public Shareholders of approximately 7.82% upon the Completion, as illustrated in the table set out in the section headed "EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY", the Board considers that the Subscription represents a suitable financial option to support the Group's continuous development and business growth, as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group.

LETTER FROM THE BOARD

Use of Proceeds

The gross proceeds of the Subscription will be HK\$15,339,548.80. The net proceeds of the Subscription, after the deduction of the related fees and expenses, are estimated to be of approximately HK\$15,000,000.00, representing a net Subscription Price of approximately HK\$0.0724 per Subscription Share. The Company intends to utilise the aforesaid net proceeds for business expansion purpose in the following manner:

- (a) HK\$7,500,000.00 (i.e. 50% of the net proceeds) for strengthening the Group's working capital for tender for additional sizable projects;
- (b) HK\$3,600,000.00 (i.e. 24% of the net proceeds) for purchase of excavation machines and tipper trucks; and
- (c) HK\$3,900,000.00 (i.e. 26% of the net proceeds) for leasing or acquisition of industrial property for the Group's use.

Depending on actual business needs, it is estimated that the net proceeds of the Subscription will be fully utilised in accordance with its intended purposes within the next two years from the Completion.

In the event that the Subscription does not proceed or is voted down by the Independent Shareholders, the Board may consider other fund raising alternatives as discussed above to meet the Group's funding needs for the business expansion, if necessary depending the then circumstances of the Group, but there is currently no concrete plan to raise funds via other fund raising alternatives in such event.

Despite the Subscription Price is at the lower end of the closing prices per Share for the twelve-month period immediately preceding the date of the Subscription Agreement, taking into account (i) the business opportunities in and prospects of Singapore's construction industry; (ii) the Group's needs to increase its working capital, production capacity and workforce and to provide sufficient and suitable operation space and housing for its foreign workers for its business, operations and strategic development, which in turn create greater value for the Shareholders; (iii) the alternative fund raising methods available to the Group as discussed above; (iv) the recent price performance and the thin trading liquidity of the Shares and the prevailing market conditions, in terms of interest rate and Hong Kong stock market, in which the Directors are not aware of any significant change in the near future; (v) there is no theoretical dilution effect of the Subscription (as defined under Rule 7.27B of the Listing Rules), as there is no discount of the theoretical diluted price of HK\$0.074 per Share to the benchmarked price of HK\$0.074 per Share; (vi) the Subscription can strengthen the capital base of the Company in an efficient manner with a lower cost and without incurring additional interest expenses; and (vii) the reasons for and benefits of the Subscription as discussed above, in particular, the background and contributions of Mr. Phang, whose support is crucial to the Group's long-term development and strategic growth, the Directors (including the members of the Independent Board Committee after taking into account the advice from the Independent Financial Adviser but excluding Mr. Phang who has abstained from voting due to his material interest in the Subscription) are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the Completion (assuming there are no other changes in the share capital of the Company from the Latest Practicable Date and up to the Completion Date):

Name of the Shareholder	As at the Latest Practicable Date		Immediately after the Completion	
	Number of Shares	Approximate percentage of the total number of issued Shares	Number of Shares	Approximate percentage of the total number of issued Shares
Mr. Lim Kui Teng (“Mr. Lim”) and his associates				
– Mr. Lim	21,380,000	2.06%	21,380,000	1.72%
– Brewster Global Holdings Limited (“Brewster Global”) (Note 1)	<u>529,125,000</u>	<u>51.05%</u>	<u>529,125,000</u>	<u>42.54%</u>
Sub-total	<u>550,505,000</u>	<u>53.11%</u>	<u>550,505,000</u>	<u>44.26%</u>
Mr. Phang (Note 2)	–	–	207,291,200	16.67%
Public Shareholders	<u>485,951,000</u>	<u>46.89%</u>	<u>485,951,000</u>	<u>39.07%</u>
Total	<u>1,036,456,000</u>	<u>100.00%</u>	<u>1,243,747,200</u>	<u>100.00%</u>

Notes:

1. The entire issued share capital of Brewster Global is directly held by Mr. Lim, a controlling Shareholder and an executive Director. Accordingly, Mr. Lim is deemed to be interested in the Shares held by Brewster Global under the SFO.
2. Mr. Phang has interest in 31,092,000 underlying Shares in respect of 31,092,000 Share Options granted to him as beneficial owner. For the purpose of this circular, the above table does not include any underlying Shares to be issued under any Share Option.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Phang was a non-executive Director and therefore, a connected person of the Company under the Listing Rules. As such, the Subscription constitutes a connected transaction of the Company and is therefore subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Mr. Phang, who has a material interest in the Subscription, has abstained from voting on the Board resolution approving the Subscription Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors is regarded as having any material interest in the Subscription and is required to abstain from voting on the Board resolution approving the Subscription Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all three independent non-executive Directors who do not have a material interest in the Subscription, to consider and to advise the Independent Shareholders whether the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and how to vote on the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, at the EGM, after taking into account the advice of the Independent Financial Adviser.

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.

EGM AND CLOSURE OF REGISTER OF MEMBERS

The EGM will be held for the purpose of considering and, if thought fit, approving, among others, the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate. The Notice is set out on pages EGM-1 to EGM-3 of this circular.

Any Shareholder who has a material interest in the Subscription and his/her/its associates are required to abstain from voting on the resolution approving the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, at the EGM under the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any material interest in the Subscription and is required to abstain from voting on the resolution approving the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, at the EGM.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed herewith, a copy of which can also be obtained via the website of the Stock Exchange and the website of the Company. 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 Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, 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 (i.e. at or before 10:00 a.m. on Tuesday, 2 January 2024) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM will 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 will be made by the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules and will be published on the website of the Stock Exchange and the website of the Company.

On a poll, every Shareholder presents in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote on a poll needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 29 December 2023 to Thursday, 4 January 2024, both days inclusive, during which period no transfer of the Shares will be registered. The record date for determining the entitlements of the Shareholders to attend and vote at the EGM is Thursday, 4 January 2024. 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 Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 28 December 2023.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 17 and 18 of this circular, containing its advice to the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate; and (ii) the letter from the Independent Financial Adviser set out on pages 19 to 36 of this circular, containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate.

LETTER FROM THE BOARD

The Directors (including the members of the Independent Board Committee after taking into account the advice from the Independent Financial Adviser but excluding Mr. Phang who has abstained from voting due to his material interest in the Subscription) consider that although the Subscription is not in the ordinary and usual course of the business of the Group, the terms of the Subscription Agreement are fair and reasonable, the transactions contemplated under the Subscription Agreement, including the Subscription and the grant to the Directors of the Specific Mandate, are on normal commercial terms following arm's length negotiations between the Company and Mr. Phang and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee after taking into account the advice from the Independent Financial Adviser but excluding Mr. Phang who has abstained from voting due to his material interest in the Subscription) recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate.

ADDITIONAL INFORMATION

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

As the Completion is subject to fulfilment or waiver (if applicable) of the conditions precedent set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Yours faithfully,
By order of the Board
Chuan Holdings Limited
Lim Kui Teng
Executive Director and Chief Executive Officer

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)

15 December 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RELATION TO
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 15 December 2023 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as the members of the Independent Board Committee to consider and to advise the Independent Shareholders whether the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned, whether the transactions contemplated under the Subscription Agreement, including the Subscription and the grant to the Directors of the Specific Mandate, are on normal commercial terms or better and in the ordinary and normal course of business of the Group and in the interests of the Company and the Shareholders as a whole, and how to vote on the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, at the EGM.

We wish to draw your attention to the letter from the Board set out on pages 4 to 16 of the Circular and the letter from the Independent Financial Adviser set out on pages 19 to 36 of the Circular, which contains its advice to you and us in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, as well as the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation.

* for identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, and the principal factors and reasons considered by, and the advice from, the Independent Financial Adviser, we are of the opinion that although the Subscription is not in the ordinary and usual course of the business of the Group, the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned, the transactions contemplated under the Subscription Agreement, including the Subscription and the grant to the Directors of the Specific Mandate, are on normal commercial terms following arm's length negotiations between the Company and Mr. Phang and 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 ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate.

Yours faithfully,

For and on behalf of

Independent Board Committee
Chuan Holdings Limited

Wee Hian Eng Cyrus
Independent Non-executive
Director

Wong Ka Bo Jimmy
Independent Non-executive
Director

Xu Fenglei
Independent Non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Grande Capital to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, which has been prepared for the purpose of incorporation in this circular:

Grande Capital Limited



15 December 2023

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

Dear Sirs/Madam,

CONNECTED TRANSACTION IN RELATION TO ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

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 terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, details of which are set out in the Letter from the Board (the “**Board Letter**”) of the circular issued by the Company dated 15 December 2023 (the “**Circular**”) to the Shareholders, of which this letter forms part. 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 17 November 2023, on 17 November 2023 (after trading hours), the Company and Mr. Phang, the chairman of the Board and a non-executive Director, entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Phang has conditionally agreed to subscribe for, 207,291,200 new Shares at the Subscription Price of HK\$0.074 per Subscription Share for a total consideration of HK\$15,339,548.80 in cash.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATION

As at the Latest Practicable Date, Mr. Phang was a non-executive Director and therefore, a connected person of the Company under the Listing Rules. As such, the Subscription constitutes a connected transaction of the Company and is therefore subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Phang, who has material interests in the Subscription, has abstained from voting on the Board resolution approving the Subscription Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors is regarded as having any material interest in the Subscription and is required to abstain from voting on the Board resolution approving the Subscription Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Wee Hian Eng Cyrus, Mr. Wong Ka Bo Jimmy and Mr. Xu Fenglei who do not have a material interest in the Subscription, to consider and to advise the Independent Shareholders whether the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and how to vote on the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, at the EGM, after taking into account the advice 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

During the past two years immediately preceding the Latest Practicable Date, Grande Capital Limited was engaged as independent financial adviser in respect of continuing connected transaction in relation to the supplemental agreement as set out in the Company's circular dated 11 January 2022. Notwithstanding the aforesaid engagement, 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 Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment and the previous appointment mentioned above 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 Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate.

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.

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 have 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 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 the 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 in the Circular or 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 the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, we have taken into account the principal factors and reasons set out below:

A. Background information of the Group and the subscriber

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 Company is an investment holding company and the principal activities of the Group are (i) the provision of earthworks and ancillary 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, which can be classified into interior works or works affecting building systems, or components such as structural works, additions of lifts and reinforcement works, and the construction of new buildings.

Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2022 as extracted from the Company's annual report for the year ended 31 December 2022 (the "2022 Annual Report"):

	For the year ended 31 December 2022 S\$'000	For the year ended 31 December 2021 S\$'000	Year-on-year change %
Revenue	88,605	85,416	3.7
Gross profit	6,198	4,337	42.9
Profit for the year	1,723	1,500	14.9

As depicted from the table above, the Group's revenue increased by approximately 3.7% from approximately S\$85.4 million for the year ended 31 December 2021 ("FY2021") to approximately S\$88.6 million for the year ended 31 December 2022 ("FY2022"). With reference to the 2022 Annual Report, the increase was mainly attributable to the gradual revival in construction industry in Singapore subsequent to stabilised COVID-19 situation upon the lifting of border and community measures. Nonetheless, the Group's revenue growth was slower than expected largely due to the slower progress of several key infrastructure projects secured in previous years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's gross profit for the year increased by approximately 42.9% from approximately S\$4.3 million for FY2021 to approximately S\$6.2 million for FY2022. With reference to the 2022 Annual Report, the increase was mainly attributable to the increase in gross profit margin from approximately 5.1% for FY2021 to approximately 7.0% for FY2022, due to the Group's disciplined financial management, coupled with its pragmatic strategies in enhancing productivity.

The Group's net profit for the year increased by approximately 14.9% from approximately S\$1.5 million for FY2021 to approximately S\$1.7 million for FY2022. With reference to 2022 Annual Report, such change was mainly due to (i) the aforesaid increase in the Group's revenue, gross profit and gross profit margin; and (ii) increase in the share of results of associates resulting from the recognition of fair value gain of the Group's property redevelopment project; as partially offset by (i) decrease in other income and gains; and (ii) increase in income tax expenses.

Set out below are the unaudited consolidated financial information of the Group for the six months ended 30 June 2023 ("1H2023") and the six months ended 30 June 2022 ("1H2022") as extracted from the Company's interim report for 1H2023 (the "2023 Interim Report"):

	For the six months ended 30 June 2023 S\$'000	For the six months ended 30 June 2022 S\$'000	Year-on-year change %
Revenue	66,756	42,473	57.2
Gross profit	4,238	3,855	9.9
Profit for the period	1,739	1,331	30.7

As depicted from the table above, the Group's revenue increased by approximately 57.2% from approximately S\$42.5 million for 1H2022 to approximately S\$66.8 million for 1H2023. With reference to the 2023 Interim Report, the increase was mainly attributable to further resumption of construction activity in Singapore subsequent to the lifting of pandemic-related travel restrictions, resulting more income generation upon project completion.

The Group's gross profit increased by approximately 9.9% from approximately S\$3.9 million for 1H2022 to approximately S\$4.2 million for 1H2023. With reference to the 2023 Interim Report, the increase was mainly attributable to the increase in revenue and disciplined financial management, while such increase in revenue was offset by the increase in labour and material costs which caused the Group's gross profit margin decreased from approximately 9.1% for 1H2022 to approximately 6.3% for 1H2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's net profit increased by approximately 30.7% from approximately S\$1.3 million for 1H2022 to approximately S\$1.7 million for 1H2023. With reference to the 2023 Interim Report, such change was mainly due to (i) the aforesaid increase in the Group's revenue and gross profit; and (ii) decrease in other expenses for 1H2023 due to the reversal of provision on trade receivables and contract assets; as partially offset by (i) decrease in other income and gains; (ii) increase in administrative and other operating expenses primarily due to the increase in labour overheads; and (iii) increase in income tax expenses.

With reference to the 2023 Interim Report, to further diversify its revenue stream, the Group will strategically pursue opportunities to participate in large-scale infrastructure projects and public housing initiatives that offer higher profit margins. Tourism in Singapore is experiencing a resurgence, with revitalisations of attractions and hotels presenting the Group with promising opportunities in the commercial property sector. The project win at Resorts World Sentosa Festive Hotel has demonstrated that the Group's unwavering tendering efforts and strategic approach are effective in capturing increasing opportunities. Going forward, the Group remains committed to closely monitoring market trends and diligently pursuing a growing number of new opportunities to drive its sustainable long-term revenue growth.

Information of the subscriber

With reference to the Board Letter, the subscriber, Mr. Phang, is the chairman of the Board and a non-executive Director. As disclosed in the Announcement, Mr. Phang will be re-designated as an executive Director with effect from 1 January 2024. Mr. Phang will be the executive chairman of the Board and continue to act as the chairman of the nomination committee of the Board. Therefore, Mr. Phang is a connected person of the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Mr. Phang had interest in 31,092,000 underlying Shares, representing approximately 3.00% in the issued share capital of the Company, in respect of 31,092,000 Share Options granted to him as beneficial owner.

B. Reasons for and benefits of the Subscription

The principal activities of the Group comprise the provision of earthworks and ancillary services as well as general construction works, operations of which are mainly carried out by the Company's subsidiaries in Singapore.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's business scale, strategic development and ongoing projects

We noted that the Group's revenue had increased by approximately 3.7% from approximately S\$85.4 million for FY2021 to approximately S\$88.6 million for FY2022, and further increased by approximately 57.2% from approximately S\$42.5 million for 1H2022 to approximately S\$66.8 million for 1H2023. With reference to the Board Letter, the Group managed to secure new projects with a combined contract value of approximately S\$100 million for each of FY2021 and FY2022, and is expected to reach its new high in 2023. As disclosed in the 2023 Interim Report, Singapore's construction industry is expected to regain its momentum in the medium to long term amid a further pick-up in construction activity propelled by the government's strong pipeline of public housing projects and mega-construction projects. Having been actively capturing business opportunities arising from the resumption of construction activity, the Group secured projects with a combined contract worth exceeding S\$102.4 million for the first half year of 2023, including several mega-projects spanning public infrastructure, residential development and industrial construction. As at the Latest Practicable Date, the Group managed to secure 9 more projects with an estimated combined contract sum of approximately S\$118 million. We understand from the management of the Company that the Group's need to increase its working capital, production capacity and workforce, including acquisition of construction equipment and machineries (e.g. excavation machines and tipper truckers) and recruitment of more foreign workers to cater the growing business scale of the Group and its ongoing projects.

Subscription to Mr. Phang

With reference to the Board Letter, since October 2020, Mr. Phang has acted as a non-executive chairman of the Board and apart from providing leadership to the Board, Mr. Phang has involved in, and provided exceptional guidance to, the Group's management planning and talent retention. The Group's management is greatly benefited from Mr. Phang's expertise in corporate governance and strategic management, which assisted the Group to navigate the uncertain economic landscape during the COVID-19. We noted from the Company's annual report for the year ended 31 December 2021, the Group recorded a net loss of approximately S\$8.4 million for the year ended 31 December 2020 and turned the business around to a net profit of approximately S\$1.5 million for FY2021. The management's efforts to boost productivity was one of the key factors for such turn-around, which Mr. Phang has been appointed as the chairman of the Board since October 2020. In addition, we noted that the Group's net profit increased by approximately 14.9% from approximately S\$1.5 million for FY2021 to approximately S\$1.7 million for FY2022, and further increased by approximately 30.7% from approximately S\$1.3 million for

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1H2022 to approximately S\$1.7 million for 1H2023, which demonstrated that the Group's growing profitability under the leadership of the Group's current management including Mr. Phang.

Taking into account the succession planning of the Board and the Group's commitment to fostering sustainable and enduring future development, the Company accords talent retention the highest priority, and values Mr. Phang's contribution and services to the Group. As disclosed in the Announcement, Mr. Phang will be re-designated as an executive Director with effect from 1 January 2024. We understand from the management of the Company that the Subscription demonstrates Mr. Phang's confidence and commitment for the Group's long-term development and growth prospect, whose support is crucial to the Group, especially in terms of strategic growth, talent management and succession planning which is in the interest of the Group for future expansion.

Use of proceeds

With reference to the Board Letter, the gross proceeds of the Subscription will be HK\$15,339,548.80. The net proceeds of the Subscription, after the deduction of the related fees and expenses, are estimated to be of approximately HK\$15,000,000.00, representing a net Subscription Price of approximately HK\$0.0724 per Subscription Share. The Company intends to utilise the aforesaid net proceeds for business expansion purpose, including strengthening the Group's working capital for tender for additional sizable projects, purchase of excavation machines and tipper trucks and/or leasing or acquisition of industrial property for the Group's use.

Taking into account of the abovementioned, we are of the view that although the Subscription is not in the ordinary and usual course of business of the Group, the Subscription is in the interests of the Company and the Shareholders as a whole.

Alternative fundraising methods

Based on our understanding from the management of the Company, the Board has considered other alternative fund raising methods, including debt financing and equity financing such as rights issue and open offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of debt financing, we understand from the management of the Company that having considered the prevailing market conditions that the interest rate for debt financing has raised significantly, the Board considers that debt financing will incur additional financial costs such as interest expenses on the Group, and hence, it is prudent to consider financing the funding needs of the Group in the form of equity which will not increase the Group's finance costs. We further note from the Association of Banks in Singapore that the Singapore Interbank Offered Rate (the "SIBOR"), the benchmark floating interest rate in Singapore, was approximately 4.1% as at the Latest Practicable Date. Having considered the banks or financial institutions will charge a premium above the SIBOR, we have assumed that the lending rate from the banks or financial institutions would be at least 4.1%. Borrowings from banks or financial institutions are subject to repayment obligations for the principal amount and associated interest expenses. The borrowing costs incurred therefrom may adversely affect the Group's financial performance and liquidity. By comparison, the proceeds from the Subscription will become the Group's equity without any additional financial repayment obligations (i.e. principal amount and associated interest expenses) towards the Shareholders under normal circumstances. Therefore, we concur with the Board's view that debt financing and its respective finance cost would result in additional financial burden to the Group and affect the future financial results of the Group, under the current high interest rate environment.

In respect of equity financing such as rights issue or open offer, having considered (i) additional costs associated with the rights issue or open offer, including but not limited to the engagement of brokerage agents and reporting accountants; (ii) the relatively longer time in relation to application and administrative procedures for rights issue or open offer; and (iii) the relative thin trading liquidity which will be further discussed below in this letter, such thin trading liquidity suggests that it would be difficult for the Company to pursue sizeable equity financing alternative in the stock market without providing considerable discount, as the potential investors are likely to seek more incentive to encourage their participation in these fund-raising activities, we are of the view that the Subscription would be a better option as compared to rights issue and open offer.

Having considered the above, we concur with the Directors that the Subscription is an appropriate way to raise capital for the Company and is in the interests of the Company and the Shareholders as a whole.

C. Principal terms of the Subscription Agreement

Date

17 November 2023

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Parties

- (1) the Company (as the issuer); and
- (2) Mr. Phang (as the subscriber).

The Subscription

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Mr. Phang has conditionally agreed to subscribe for, 207,291,200 new Shares at the Subscription Price of HK\$0.074 per Subscription Share.

The Subscription Shares

As at the Latest Practicable Date, the total number of issued Shares was 1,036,456,000 Share. The Subscription Shares represent (i) 20% of the existing issued share capital of the Company; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there are no other changes in the share capital of the Company from the Latest Practicable Date and up to the Completion Date).

The aggregate nominal value of the Subscription Shares will be HK\$2,072,912.00.

The Subscription Price

The Subscription Price is HK\$0.074 per Subscription Share represents:

- (a) the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on 17 November 2023, being the date of the Subscription Agreement;
- (b) a premium of approximately 0.54% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Subscription Agreement;
- (c) a premium of approximately 0.95% to the average closing price of HK\$0.0733 per Share as quoted on the Stock Exchange for the ten trading days immediately preceding the date of the Subscription Agreement;
- (d) a discount of approximately 85.05% to the audited consolidated net asset value per Share as at 31 December 2022 of approximately HK\$0.495, which is calculated based on the audited consolidated net assets of the Group of approximately S\$88,783,000.00 as at 31 December 2022 as extracted from the 2022 Annual Report and 1,036,456,000 Shares in issue as at 31 December 2022 (based on the exchange rate of S\$1.00 to HK\$5.78 as at 31 December 2022 for illustration purpose only); and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

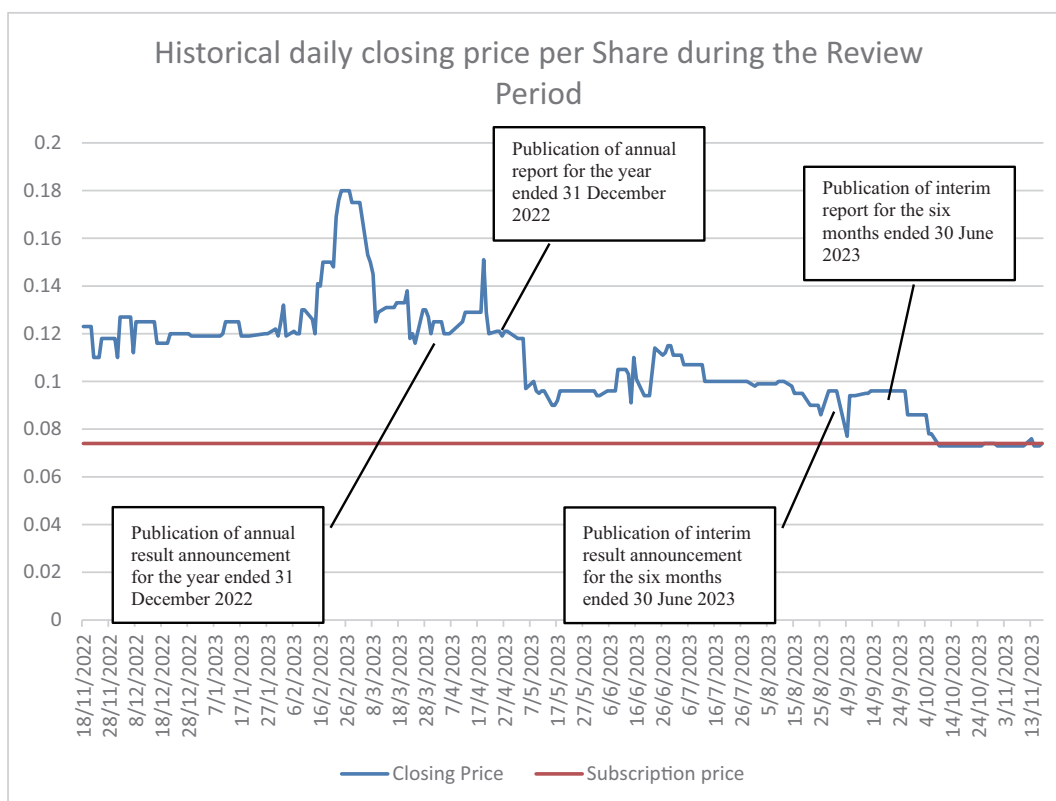
- (e) a discount of approximately 85.35% to the unaudited consolidated net asset value per Share as at 30 June 2023 of approximately HK\$0.505, which is calculated based on the unaudited consolidated net assets of the Group of approximately S\$90,549,000.00 as at 30 June 2023 as extracted from the 2023 Interim Report and 1,036,456,000 Shares in issue as at 30 June 2023 (based on the exchange rate of S\$1.00 to HK\$5.78 as at 30 June 2023 for illustration purpose only).

Analysis on the Subscription Price

In order to assess the fairness and reasonableness of the Subscription Price, we conducted the following analysis:

a) *Share price performance*

Set out below is a chart showing the movement of the daily closing prices of the Shares during the twelve-month period from 18 November 2022 to 17 November 2023 (being the date of Announcement) (the “**Review Period**”), to illustrate the general trend and level of movement of the closing prices of the Shares, as compared to the Subscription Price:



Source: the Stock Exchange's website

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that a period of 12 months is sufficient for the purpose of our analysis having considered the significant and rapid changes in the financial markets in general over the past year, including but not limited to the significant decline in the general stock market in Hong Kong and the rapid and substantial rise in interest rates. We consider that given such significant and rapid changes in the financial markets, historical prices prior to the Review Period may not be able to provide meaningful reference to the Independent Shareholders when judging the value of the Shares at present.

During the Review Period, the highest and lowest closing prices of Shares as quoted on the Stock Exchange were HK\$0.18 recorded on 24 February 2023 and 27 February 2023; and HK\$0.073 recorded during the period between 9 October 2023 to 16 November 2023 (except for 26 October 2023, 27 October 2023, 30 October 2023 and 13 November 2023), respectively. The Subscription Price falls within the aforesaid closing price range.

During the Review Period, the closing prices of the Shares increased from HK\$0.123 on 18 November 2022 to the highest closing price during the Review Period at HK\$0.180 on 24 February 2023 and 27 February 2023. Subsequently, the closing prices of Shares formed a general downward trend until it reached its trough of HK\$0.073 on 9 October 2023. Thereafter, the closing prices of the Shares remained a relatively flatted trend with an average closing price of HK\$0.073 from 9 October 2023 to 17 November 2023 (being the date of Announcement). Having made enquiry with the Company, the management of the Company confirmed that they were not aware of any reason which could lead to the aforesaid movements of the closing prices of the Shares during the Review Period.

We further note that the Hang Seng Index, the benchmark of the Hong Kong stock market, had also recorded a general decrease trend and similar movements of closing prices over the Review Period. We are of the view that the movements of the closing prices of the Shares might be due to the overall market sentiment.

We note that the Subscription Price is approximate to the lowest closing price per Share during the Review Period. However, having considered that (i) the management of the Company would like to raise fund to cater the business expansion in order to increase the returns of the Shareholders; (ii) the interest rate will remain high in a short period of time; (iii) no news has come to our attention that the overall stock market in Hong Kong may rebound in the foreseeable future; and (iv) the background of Mr. Phang, the subscriber, and he has demonstrated his willingness in subscribing the Shares, we are of the view that although the Subscription Price is approximate to the lowest closing price per Share during the Review Period, it is still an appropriate timing to conduct the Subscription and raise fund, having considered that the Group has a need to expand its operations to capture the potential growth and create value for the Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, based on the 2022 Annual Report and 2023 Interim Report, the audited consolidated net asset value per Share as at 31 December 2022 and the unaudited consolidated net asset value per Share as at 30 June 2023 amounted to approximately HK\$0.495 and HK\$0.505, respectively. We note that the historical closing prices during the entire Review Period were trading below the net asset value per Share as at both 31 December 2022 and 30 June 2023. We also note from the Board Letter that the market price of the Shares has been trading at significant discount to the net asset value per Share since or about mid-April 2019. Hence, we have further performed analysis of the closing prices of the Shares during the five-year year period from 18 November 2018 to 17 November 2023 (being the date of Announcement) (the “**Five-Year Period**”). During the Five-Year Period, the share price of the Company had at all times closed at a discount to the audited consolidated net asset value per Share as at 31 December 2022, ranging from a discount of approximately 26.3% to 86.3%, and closed at a discount to unaudited consolidated net asset value per Share as at 30 June 2023, ranging from a discount of approximately 27.7% to 86.5%. The Subscription price represents a discount of approximately 85.1% and 85.3% to the audited consolidated net asset value per Share as at 31 December 2022 and unaudited consolidated net asset value per Share as at 30 June 2023, respectively, which are within the respective ranges and we consider such discount as fair and reasonable. And as compared to net asset value per Share, we are of the view that the share price of the Company can better reflect the market sentiment and the market value under prevailing market condition.

Taking into consideration that (i) the Subscription Price falls within the aforesaid historical closing price range during the Review Period, which we consider that the Review Period is sufficient and appropriate for conducting a reasonable comparison between the recent price movements of the Shares and the Subscription Price; (ii) as depicted in the chart above, the closing price of the Shares demonstrated an overall downward trend over the Review Period; (iii) the closing prices of the Shares remained at an average of HK\$0.073 since 9 October 2023 and up to 17 November 2023 and the Subscription Price represented a premium of approximately 1.37% over the average of HK\$0.073 during the aforesaid period; and (iv) the historical closing prices during the entire Review Period were trading below the net asset value per Share as at both 31 December 2022 and 30 June 2023, we are of the view that the Subscription Price is fair and reasonable from the perspective of historical trend of the closing prices of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

b) Review on the trading liquidity of the Shares

The following table sets out (i) the average daily trading volume of the Shares; and (ii) the percentage of the average daily trading volume of the Shares to total number of issued Shares as at the end of the month/period during the Review Period:

Month/Period	Number of trading days (Days)	Total trading volume of the Shares for the month/period (Shares)	Average daily trading volume (Shares)	Percentage of average daily trading volume to the total number of issued Shares (Note 1)	Percentage of average daily trading volume to the total number of Shares held by the public (Note 2)
2022					
November (from 18 November 2022)	9	204,000	22,667	0.002%	0.005%
December	20	1,064,000	53,200	0.005%	0.011%
2023					
January	18	828,000	46,000	0.004%	0.009%
February	20	10,532,000	526,600	0.051%	0.108%
March	23	796,000	34,609	0.003%	0.007%
April	17	9,276,000	545,647	0.053%	0.112%
May	21	14,896,000	709,333	0.068%	0.146%
June	21	6,612,000	314,857	0.030%	0.065%
July	20	172,000	8,600	0.001%	0.002%
August	23	1,932,000	84,000	0.008%	0.017%
September	19	1,532,000	80,632	0.008%	0.017%
October	20	408,000	20,400	0.002%	0.004%
November (up to 17 November 2023)	13	656,000	50,462	0.005%	0.010%

Source: the Stock Exchange's website

Note:

1. The total number of issued Shares is 1,036,456,000, as extracted from the latest monthly return of equity issuer on movements in securities of the Company.
2. The total number of Shares held by the public is 485,951,000, as disclosed in the Announcement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated from the table above, the average daily trading volume of the Shares was low, with a range from 8,600 Shares to 709,333 Shares during the Review Period, representing approximately 0.001% to 0.068% of the total number of issue Shares as at the end of relevant month/period and approximately 0.002% to 0.146% of the total number of Shares held by the public as at the end of relevant month/period.

We noted that the average daily trading liquidity of the Shares were very thin during the Review Period, with the average daily trading volume for all the period/months in the Review Period being less than 0.2% to the total number of issued Shares and the total number of Shares held by public as at the end of relevant period/month. The relatively low trading volume suggests that it would be difficult for the Company to pursue sizeable equity financing alternative in stock market without providing considerable discount while the Subscription Price is equivalent to the closing price on 17 November 2023. The limited trading liquidity and low trading volume pose significant hurdles for the Company when considering alternative equity financing options such as rights issue and open offer. This relatively constrained liquidity situation also suggests that (i) selling a substantial block of Shares in the open market could potentially lead to a decline in share price of the Company; and (ii) when the Company explores substantial equity financing options in the stock market, potential investors are likely to seek more significant incentives, including a substantial discount on the issue price relative to the prevailing market price of the Shares, to encourage their participation in these fund-raising initiatives.

c) Comparables

As part of our analysis, we have, on a best effort basis, conducted an analysis of the transaction based on the following criteria: (i) subscription of new ordinary shares of listed companies by their connected person(s) for cash; (ii) announced by companies listed on the Stock Exchange for the six-month period from 18 May 2023 up to 17 November 2023; and (iii) excluding issues of shares inter-conditional with, or pursuant to, as part of consideration in acquisition, under share award scheme or restricted stock unit scheme, restructuring scheme, or involving whitewash waiver application or general offer obligations under the Hong Kong Code on Takeovers and Mergers. The six-month timeframe was adopted to demonstrate the recent market trends with sufficient and representative number of comparable transactions (the “**Comparables**”). Based on the aforesaid criteria and using our best effort, we have identified 8 Comparables which we consider to be exhaustive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparables. Despite the subject companies constituting the Comparables may have different principal activities, operations and prospects as compared with those of the Company, we would still consider, in light of our selection criteria, capturing recent issues of new shares under specific mandate by listed companies for cash consideration under similar market conditions and sentiments can provide us with a general reference on the recent market trend of the premium/discount of issue prices of new shares over/to the market prices for this type of transaction on the equity capital market in Hong Kong.

Date of announcement	Company name	Principal business activities	Stock code	Premium/ (discount) of subscription price over/to closing price per share on the date of the subscription agreement (%)	Premium/ (discount) of subscription price over/to the average closing price per share for the last five trading days prior to/up to and including the date of the subscription agreement (%)
20-10-23	Virtual Mind Holding Company Limited	Principally engaged in (i) design, manufacturing and trading of apparels; (ii) provision of money lending services; and (iii) IP application and product business	1520	8.70	6.38
10-10-23	NVC International Holdings Limited (Note)	Principally engaged in design, development, production and sales of a variety of lighting products	2222	0.00	2.20
30-07-23	CT Vision S.L. (International) Holdings Limited	Principally engaged in (i) renewable energy business; (ii) e-commerce business; and (iii) others which mainly include building information modelling services	994	-11.11	-10.31
26-07-23	Applied Development Holdings Limited	Principally engaged in resort and property development, property investment and investment holdings	519	-17.07	-19.05
10-07-23	Summi (Group) Holdings Limited	Principally engaged in the production and sales of orange juice and related products	756	-9.46	-9.46
09-07-23	NVC International Holdings Limited (Note)	Principally engaged in design, development, production and sales of a variety of lighting products	2222	16.90	23.88
04-07-23	China Ruyi Holdings Limited	Principally engaged in content production and online streaming business, internet community services and related businesses, and manufacture and sales of accessories	136	-17.53	-16.67
19-06-23	Creative China Holdings Limited	Principally engaged in (i) serial program/film production and related services and film rights investment; (ii) concert and event organisation and related services; (iii) mobile application development and operation and related services; and (iv) artist management.	8368	-17.69	-17.37
			Maximum	16.90	23.88
			Minimum	-17.69	-19.05
			Average	-5.91	-5.05
	The Subscription of the Company			0.00	0.54

Source: the Stock Exchange's website and the announcements and the annual reports of the respective Comparables

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note: NVC International Holdings Limited entered into subscription agreements with two different connected parties on 9 July 2023 and 10 October 2023, respectively.

As illustrated in the table above, the subscription price of the Comparables:

- (i) ranged from a discount of approximately 17.69% to a premium of approximately 16.90%, with an average of a discount of approximately 5.91%, to/over their respective closing prices on the date of the subscription agreement; and
- (ii) ranged from a discount of approximately 19.05% to a premium of approximately 23.88%, with an average of a discount of approximately 5.05%, to/over their respective closing prices for the five trading days prior to/up to and including the date of the subscription agreement.

Having considered the following factors, including:

- (i) the Subscription Price represented nil premium/discount to the closing price per Share as quoted on the Stock Exchange on the date of Subscription Agreement, and it fell within the range of the Comparables and was higher than the average of the Comparables;
- (ii) the premium of approximately 0.54% to the closing price of the Shares for the five trading days prior to the date of the Subscription Agreement fell within the range of the Comparables and was higher than the average of the Comparables;
- (iii) the Subscription Price fell within the abovementioned historical closing price range of the Shares during the Review Period; and
- (iv) the liquidity of the Shares had been relatively low during the Review Period;

we are of the view that the Subscription Price is fair and reasonable.

Having considered the principal terms of the Subscription Agreement as set out above, we are of the view that the terms of the Subscription are on normal commercial terms and are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

D. Possible dilution effect on the shareholding interests of the public Shareholders

With reference to the shareholding table in the section headed “EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY” of the Board Letter, the shareholding interests of the public would be diluted by approximately 7.82% immediately upon the Completion (the “**Dilution**”). Taking into account (i) the terms of the Subscription are on normal commercial terms and are fair and reasonable; and (ii) although the Subscription is not conducted in the ordinary and usual course of business of the Group, the Subscription is in the interest of the Group and the Shareholders as a whole as aforementioned, we are of the view that the Dilution is acceptable.

RECOMMENDATION

Having taken into consideration the principal factors discussed above, we are of the view that (i) the terms of the Subscription are on normal commercial terms and are fair and reasonable; and (ii) although the Subscription is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Group 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 Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate.

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

Mr. Sumwing Shum is licensed under the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity and is currently a responsible officer and sponsor principal of Grande Capital. Mr. Shum has over 9 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 Group. 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 Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required 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 he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Aggregate Long Positions in the Shares and Underlying Shares

Name of the Director	Number of Shares			Number of underlying Shares held under equity derivatives (Note 2)	Total	Approximate percentage of the total number of issued Shares as at the Latest Practicable Date
	Personal interest (held as beneficial owner)	Corporate interest (interest of controlled corporation)	Sub-total			
Mr. Lim	21,380,000	529,125,000 (Note 1)	550,505,000	–	550,505,000	53.11%
Mr. Bijay Joseph	–	–	–	8,000,000	8,000,000	0.77%
Mr. Phang	–	–	–	31,092,000	31,092,000	3.00%

Notes:

- These Shares were held by Brewster Global, entire issued share capital of which is directly held by Mr. Lim.
- These interests represented the interests of these Directors in the underlying Shares in respect of the Share Options granted to them as beneficial owners.

Aggregate Long Positions in the Shares of the Company's Associated Corporation

Name of the Director	Name of the associated corporation	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of the total number of issued shares of the associated corporation as at the Latest Practicable Date
Mr. Lim	Brewster Global (Note)	Beneficial owner	1	100%

Note: Brewster Global is a controlling Shareholder and an associated corporation (within the meaning of Part XV of the SFO).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which was required 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 he was taken or deemed to have under such provisions of the SFO), or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, so far as it is known to the Directors and the chief executives of the Company, the interests and short positions of the persons, other than the Directors and the chief executives of the Company, and corporations in the Shares and 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 required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Aggregate Long Positions in the Shares

Name of the substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of the total number of issued Shares as at the Latest Practicable Date
Brewster Global	Beneficial owner	529,125,000 <i>(Note 1)</i>	51.05%
Ms. Yee Say Lee ("Ms. Yee")	Interest of spouse <i>(Note 2)</i>	550,505,000	53.11%

Notes:

1. The entire issued share capital of Brewster Global is directly held by Mr. Lim. Accordingly, Mr. Lim is deemed to be interested in the Shares held by Brewster Global under the SFO. Mr. Lim is a controlling Shareholder and an executive Director.
2. 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.

Save as disclosed above, as at the Latest Practicable Date, so far as it is known to the Directors and the chief executives of the Company, no person, other than the Directors and the chief executives of the Company, or corporation had any interest or short position in the Shares or 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 was required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

3. DIRECTORS' POSITIONS HELD IN COMPANIES HAVING DISCLOSEABLE INTERESTS

Mr. Lim is the sole director of Brewster Global.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or 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.

4. 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 (excluding contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the Group's business.

6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND ARRANGEMENTS

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, direct or indirect, in any asset which had been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or was 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 subsisting as at the date of this circular and which was significant in relation to the business of the Group.

7. EXPERT'S QUALIFICATION AND CONSENT

The following are the name and qualification of the expert who has given its opinions and advices which are included in this circular:

Name	Qualification
Grande Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under SFO

The expert above has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter of advice and the references to its name in the form and context in which they are respectively included.

As at the Latest Practicable Date, the expert above did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the expert above did not have any interest, direct or indirect, in any asset which had been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

8. 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 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance, and so far as the Directors were aware of, no litigation or claim of material importance was pending or threatened against any member of the Group.

10. MATERIAL CONTRACTS

As at the Latest Practicable Date, save for the Subscription Agreement, details of which are contained in this circular, no contracts (not being contracts entered into in the ordinary course of business) were entered into by any member of the Group within the two years immediately preceding the issue of this circular and was or might be material.

11. MISCELLANEOUS

- (a) The registered office of the Company in the Cayman Islands is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The headquarters and the principal place of business of the Company in Singapore is situated at 20 Senoko Drive, Singapore 758207.
- (c) The principal place of business of the Company in Hong Kong is situated at Rooms 2102-03, 21/F, 299QRC, 287-299 Queen's Road Central, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) Mr. Ho Kai Tak, the company secretary of the Company, is a practicing solicitor in Hong Kong.
- (f) In the case of inconsistency, the English text of this circular shall prevail over its Chinese text.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.chuanholdings.com>) for a period of 14 days from the date of this circular:

- 1. the Subscription Agreement;
- 2. the letter from the Independent Financial Adviser prepared by Grande Capital, the full text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular; and
- 3. the written consent referred to in the section headed "Expert's Qualification and Consent" of this appendix.

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 Thursday, 4 January 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 15 December 2023.

ORDINARY RESOLUTION

“THAT:

- (a) the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the Subscription, be and are hereby approved, confirmed and ratified;
- (b) subject to and conditional upon the Listing Committee having granted the approval for the listing of, and permission to deal in, the Subscription Shares, the Directors be and are hereby granted the Specific Mandate which shall entitle the Directors to exercise all the powers of the Company to allot and issue the Subscription Shares to Mr. Phang, on and subject to the terms and conditions of the Subscription Agreement, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke, any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to passing of this resolution; and

* for identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) any one or more Directors be and is/are hereby authorised to, for and on behalf of the Company, do all such acts and things, sign and execute all such agreements, instruments, documents and deeds and make all such arrangements as he/they may in his/their absolute discretion consider necessary, desirable or expedient for the purpose of giving effect to and in connection with the Subscription Agreement and the transactions contemplated thereunder, and to make and agree to such variations, amendments or waivers of matters relating thereto, as are, in the opinion of the Directors, in the interests of the Company and the Shareholders as a whole.”

By order of the Board
Chuan Holdings Limited
Lim Kui Teng
Executive Director and Chief Executive Officer

Registered Office:

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

Principal Place of Business

in Hong Kong:
Rooms 2102-03, 21/F, 299QRC
287-299 Queen’s Road Central
Hong Kong

Hong Kong, 15 December 2023

Notes:

1. A Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of him/her/it. A proxy need not be a Shareholder. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the EGM. If a Shareholder appoints more than one proxy, he/she/it 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 of attorney or authority must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 10:00 a.m. on Tuesday, 2 January 2024) or any adjournment thereof (as the case may be).

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 29 December 2023 to Thursday, 4 January 2024, both days inclusive, during which period no transfer of the Shares will be registered. The record date for determining the entitlements of the Shareholders to attend and vote at the EGM is Thursday, 4 January 2024. 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 Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 28 December 2023.
4. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if such Shareholder so wishes.
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/she/it was 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 shall alone be entitled to vote in respect thereof.
6. As at the date of the Notice, the Board comprises Mr. Lim Kui Teng and Mr. Bijay Joseph as executive directors; Mr. Phang Yew Kiat as non-executive director; and Mr. Wee Hian Eng Cyrus, Mr. Wong Ka Bo Jimmy and Mr. Xu Fenglei as independent non-executive directors.
7. Pursuant to Rule 13.39(4) of the Listing Rules, the resolution set out in the Notice put to vote at the EGM shall be taken by poll.