



**Securities Investors Association (Singapore)**  
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111  
Tel: (65) 6227 2683 Fax: (65) 6220 6614  
Email: [admin@sias.org.sg](mailto:admin@sias.org.sg) [www.sias.org.sg](http://www.sias.org.sg)  
UEN No: S99SS0111B  
GST Reg No: M90367530Y

**Issuer:** Chasen Holdings Limited

**Security:** Chasen Holdings Limited

**Meeting details:**

Date: 27 July 2018

Time: 10.30 a.m.

Venue: Fu Lin Men Upper Hall (aka Par3, level 2) @ Raffles Country Club, 450 Jalan Ahmad Ibrahim, Singapore 639932,

**Company Description**

Chasen Holdings Limited, an investment holding company, provides relocation, logistics, and technical and engineering services. The company's Specialist Relocation Solutions segment offers machinery and equipment moving services through projects or maintenance contracts. Its Third Party Logistics segment provides packing services and supplies packaging and crating materials; and provides warehousing of customers' new or replaced machinery and equipment, and land transportation services. The company's Technical & Engineering segment offers turnkey facilities and engineering solutions, and repair and maintenance services to customers in the high tech electronic industries; construction projects of customers in the marine, property development, and oil and gas industries; and contract manufacturing services in the electronics, telecommunications, and other high technology industries. Chasen Holdings Limited also provides freight forwarding and shipping, general contractor, artifact packaging, construction and engineering, and management consultancy services; services on cryogenic pumps; and scaffolding services to marine and construction industries. In addition, the company engages in the general activities related to high value machinery and equipment; general building engineering; process engineering and construction; engineering and structural steel fabrication supplier and installer; precision manufacturing of machine tool accessories; and projects and general trading businesses. Further, it is involved in the design, engineering, and installation of machinery and equipment, as well as operates purified and waste water treatment plants. Chasen Holdings Limited was founded in 1995 and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5NV](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5NV))

1. As reported in the Chairman's Message, the group's revenue hit an all-time high of \$127.9 million as the Specialist Relocation Solutions segment remains a major driver of the group's growth.

External sales from the Specialist Relocation Solutions segment increased by 75% from \$42.7 million in 2016 to \$75.1 million for 2018.

- (i) Can management help shareholders understand what are the key drivers of the segment in the near/mid-term?**
- (ii) What are the group's value proposition and competitive advantage to help it stand out against other competitors?**
- (iii) Following the escalation in trade tension and the risk of a trade war, what would be the impact on the segment's prospect?**
- (iv) What is the planned capital expenditure to support the segment's growth? Specifically for the operations in the USA, revenue has scaled up to \$13.2 million with small amount of capital expenditure invested. Can management help shareholders understand how it has achieved that? How much more growth is management targeting for the USA market?**

2. In the group's segment reporting, the group has reported unallocated expenses of \$17.8 million as at 31 March 2018 (2017: \$15.5 million). In addition, the depreciation and amortisation charge for the year was \$6.4 million (2017: \$6.1 million).

The disclosure on segment information is shown on page 122 and reproduced below:



39. Segment information (Continued)

Analysis by business segment

	Specialist Relocation Solutions		Thirty Party Logistics		Technical & Engineering		Total	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Revenue:</b>								
External sales	75,071	52,758	22,900	18,640	29,945	34,772	127,916	106,170
<b>Results:</b>								
Gross profit	22,307	20,611	3,815	2,770	2,735	3,485	28,857	26,866
Unallocated other operating income							3,684	2,527
Unallocated expenses							(17,779)	(15,461)
Allowance for doubtful trade receivables							(52)	(873)
Write-back of allowance for doubtful trade receivables							26	–
Bad debts written off							(252)	(45)
Depreciation and amortization							(6,434)	(6,097)
Interest income							39	31
Interest expense							(1,472)	(1,361)
Impairment loss on investment in an associate							–	(1,000)
Share of results of associates							–	(86)
<b>Profit before income tax</b>							<b>6,617</b>	<b>4,501</b>

(Source; Company annual report)

On page 121, the company has disclosed the following:

*Unallocated items comprise property, plant and equipment, other receivables, deposits and prepayments, fixed deposits, cash and cash equivalents, bank loans and overdrafts, trade payables, other payables and accruals, deferred tax liabilities, income tax payable, finance lease payables, other operating income and expenses.*

- (i) **Can management elaborate further and justify why certain of the unallocated items could not be allocated to the segments?** For instance, it would be quite clear how to allocate the property, plant and equipment components to the respective segments.
- (ii) **Would the audit committee be looking at how it could help management to improve its segment reporting?**

3. Guideline 4.5 of the 2012 Code of Corporate Governance (CG Code) states the following:

*Boards should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be*

*appropriately qualified [...] Alternate directors bear all the duties and responsibilities of a director.*

On 29 July 2016, Ms Yap Beng Geok Dorothy was appointed as an Alternate Director to Mr Low Weng Fatt, with the approval of the board of directors. The CG Code recommends that alternate directors are to be appointed for limited periods, and in exceptional circumstances such as medical emergencies.

- (i) Can the board help shareholders understand the rationale for the appointment of Ms Yap Beng Geok Dorothy as an alternate director to Mr Low Weng Fatt?** The CG Code has recommended that alternate directors are appointed for limited periods only. It is noted that Ms Yap had also previously been appointed as an alternate director to Mr Yap Koon Bee.

In addition, as seen in the company's disclosure of directors' attendance at board and board committee meetings, Ms Yap has attended 3 out of 4 board meetings and 4 out of 5 audit committee meetings that both Mr Low and Ms Yap were invited to attend.

Names of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Ng Jwee Phuan @ Frederick (Eric)	4	4	5	5	1	1	1	1
Low Weng Fatt	4	4	5	4*	1	1	1	1*
Siah Boon Hock	4	4	5	4*	1	1*	1	1*
Tan Sin Huat, Dennis	4	4	5	5	1	1	1	1
Chew Mun Yew	4	4	5	5	1	1	1	1
Yap Beng Geok Dorothy <sup>(1)</sup>	4	3	5	4*	1	-	1	-

(1) Alternate Director to Low Weng Fatt

\* By Invitation

(Source: Copmany annual report)

- (ii) Would the nominating committee (NC) clarify on the arrangement for the board's alternate directors?**
- (iii) If Ms Yap is performing the roles and duties as a director on the board and not as an alternate director, would the NC consider formalising the appointment of Ms Yap so that she can be recognised as an executive director on the board?**

A copy of the questions for the Annual Report for the financial year ended 31 March 2017 could be found here:

[https://sias.org.sg/index.php?option=com\\_qaannualreports&view=qareports&filter\\_company=249](https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=249)

The company's response could be found here: -----



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