

CHUAN HUP HOLDINGS LIMITED
(Co. Reg. No. 197000572R)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUERIES FROM SINGAPORE EXCHANGE REGULATION (the “SGX RegCo”)

The Board of Directors (the “**Board**”) of Chuan Hup Holdings Limited (the “**Company**”) refers to the Company’s announcement made on 6 May 2023 in relation to the Subscription and Acquisition of Interest in Homestead Capital Pte. Ltd. and wishes to provide its responses to the following queries raised by the SGX RegCo on 9 May 2023.

Query 1:

Please clarify why the Transaction is considered an acquisition by the Company in connection with its ordinary course of business, given that Homestead KS Pte. Ltd is in the business of holding, leasing, operating, and managing properties for the student accommodation business.

Response:

Pursuant to Rule 1002(1) of the Listing Manual, a transaction, including an acquisition of assets, which is in, or in connection with, the ordinary course of its business or of a revenue nature, is excluded from the Chapter 10 requirements.

Further, pursuant to paragraph 2.3 of Practice Note 10.1 on acquisitions and realisations, an acquisition can be regarded to be in, or in connection with, the ordinary course of an issuer’s business, if:

- a. the asset to be acquired is part of the issuer’s existing principal business. Pursuant to paragraph 2.4 of Practice Note 10.1, such an asset is part of the issuer’s existing principal business if the acquisition of the asset is required to be reported under the applicable accounting standards within a specific reportable operating segment (excluding any miscellaneous “any other segment” category) that:
 - i. contributes more than 20% of the issuer’s net profits or total assets; and
 - ii. has been reported in the issuer’s latest audited financial statements.

In this regard, the property segment of Chuan Hup Holdings Ltd (“**Chuan Hup**” or the “**Group**”), comprising investment in entities that engage in property development and/or property investment, is a reportable operating segment as set out in Note 31 of the Notes to the Financial Statements (“**Notes**”) in the Group’s annual report for the financial year ended 30 June 2022 (“**FY2022**”), which (i) contributes US\$112.08 million or approximately 47% of the Group’s total assets of US\$236.66 million, and (ii) has been reported in the Group’s latest audited financial statements for FY2022.

In particular, Chuan Hup’s investment includes investment properties “leased under a finance lease that are held to earn rentals or for capital appreciation, or both” and “properties held under operating leases are classified as investment properties when the definition of an investment property is met” (Note 2.8 of the Notes). Accordingly, given that the Subscription and Acquisition of Interest in Homestead Capital Pte. Ltd. (“**Transaction**”) is relating to holding, leasing, operating, and managing properties for the student accommodation business through Homestead KS Pte. Ltd., Chuan Hup is of the view that the transaction is considered part of the Group’s existing principal business.

- b. the acquisition does not change the issuer's risk profile according to the indicators below, which are neither exhaustive nor conclusive, pursuant to paragraph 2.5 of Practice Note 10.1:
- i. notwithstanding Rule 1002(3)(c), a proposed acquisition will result in reduction of the issuer's net profits or net asset value by 20% or more, based on the latest audited financial statements, and assuming that the proposed acquisition had been effected at the end of that financial year;
 - ii. the asset proposed to be acquired is loss-making or is in a net liability position;
 - iii. the proposed acquisition will have a significant adverse impact on the issuer's gearing;
 - iv. the proposed acquisition will result in an expansion into a new jurisdiction that will expose the issuer to significant new risks; or
 - v. in the case of a mineral, oil and gas company, a proposed acquisition will result in an expansion into a new resource or commodity type, or into a new jurisdiction. The exploration and extraction methods of different types of minerals, oil and gas are different. Minerals, oil, and gas resources are also necessarily situated in specific geographical areas, which may be subject to specific licensing or regulatory regimes. An expansion into a new resource or commodity type, or into a new jurisdiction, is likely to require a reconsideration of the applicable risks.

In this regard, Chuan Hup is of the view that the transaction does not change the Group's risk profile based on the indicators pursuant to paragraph 2.5 of Practice Note 10.1 under Rule 1002(1)(b) as set out in item 1(b) above. Hence, the transaction falls under the Group's existing principal business, which is not subject to the requirements under Chapter 10.

Query 2:

Please disclose the computations pertaining to Listing Rule 1006 and clarify how the Company has complied with Chapter 10 of the Listing Manual.

Response:

As stated above, Chuan Hup is of the view that the transaction is in the ordinary course of its business and as such, the Chapter 10 requirements do not apply. That said, the Group has still put together the calculations for the purpose of Rule 1006 to ascertain if the Transaction, where Chuan Hup has (i) subscribed for and was issued shares in Homestead Capital Pte. Ltd. for a subscription amount of S\$4.5 million, and (ii) acquired shares from Homestead Properties Pte. Ltd. at a purchase price of S\$800,000, would be considered a disclosable transaction from Chuan Hup's perspective.

The table below includes our calculations based on Chuan Hup's latest 1H2023 results announced on 10 February 2023 for the purpose of Rule 1006(b).

It shows that the relative figures of the Transaction, using the applicable basis of comparison set out in Rule 1006(b) and (c), are below the 5% thresholds.

Mainboard Rule	Bases of Calculation	Size of relative figures (%) for the Proposed Transaction
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	This basis is not applicable to an acquisition of assets.
Rule 1006(b)	The net profits attributable to the Transaction, compared with the Group's net profits.	4.13 ¹
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	2.94 ²
Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil, and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable

Notes:

1. Based on the Group's unaudited condensed interim financial statements for the six months ended 31 December 2022, the Group's net profits before income tax amount to US\$1,785,000 (approximately S\$2,364,590, based on the exchange rate of US\$1:S\$1.3247 as at 9 May 2023). The net profit before income tax attributable to the Transaction is S\$97,642.
2. The aggregate value of the consideration of the Transaction amounts to S\$5.3 million. The Group's latest market capitalisation is approximately S\$180.41 million (as at 9 May 2023).

Query 3:

Please disclose the net asset value and net profits of Homestead Capital Pte. Ltd. as at 31 Dec 2022.

The net asset value and net profits of Homestead Capital Pte. Ltd. as at 31 December 2022 are both zero, as it was incorporated on 11 April 2023.

Query 4:

Please disclose the net asset value and net profits of Homestead KS Pte. Ltd. as at 31 Dec 2022.

The net asset value of Homestead KS Pte. Ltd. as at 31 December 2022 is S\$388,528 and the net profits of Homestead KS Pte. Ltd. for financial year ended 31 December 2022 is S\$118,599.

BY ORDER OF THE BOARD

Anne Liew Mei Hong
Company Secretary
12 May 2023