

CHASWOOD RESOURCES HOLDINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200101065H)

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- A. **ENTRY INTO SHARE SALE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF 100% EQUITY INTEREST OF CHASWOOD RESOURCES SDN BHD, A WHOLLY OWNED SUBSIDIARY OF CHASWOOD RESOURCES HOLDINGS LTD**
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1. INTRODUCTION

The board of directors ("**Directors**" or "**Board**") of Chaswood Resources Holdings Ltd (the "**Company**" or "**CRHL**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a share sale agreement dated 14 September 2018 (the "**SSA**") with Tremendous Asia Management Inc. ("**TAMI**" or the "**Purchaser**") for the sale of 100% equity interest of Chaswood Resources Sdn. Bhd. ("**CRSB**") (the "**Proposed Disposal**") for a cash consideration of RM10.00 ("**Consideration**").

The Proposed Disposal is a divestment of the Company's 100% equity interest of CRSB and effectively CRSB's subsidiaries, save for Bistro Italiana (TC) Sdn. Bhd. ("**Excluded Subsidiary**"), and is subject to and on condition that the Company ultimately retains ownership of the Excluded Subsidiary. For the purpose of this announcement, the CRSB's subsidiaries except for the Excluded Subsidiary are referred as the "**Sale Subsidiaries**", and CRSB together with the Sale Subsidiaries are referred as the "**CRSB Group**". Please refer to Appendix A of this announcement for the list of the Sale Subsidiaries.

2. INFORMATION RELATING TO THE PROPOSED DISPOSAL

2.1 Information on the CRSB Group

CRSB is a private company and is incorporated in Malaysia. CRSB is an investment holding company with shareholding interests in various subsidiaries which are mainly in the restaurant business. CRSB is a wholly owned subsidiary of the Company.

CRSB and its subsidiaries are the main operating subsidiaries of the Company and are currently undergoing a restructuring scheme under Section 366 and 368 of the Companies Act 2016 of Malaysia ("**Restructuring Scheme**"), as to which proceedings have commenced and orders are made by the High Court of Malaysia ("**Court Orders**").

Pursuant to the Court Orders dated 17 November 2017, 20 February 2018 and 4 July 2018, CRSB has *inter-alia* been granted the approval to call for a creditors' meeting for the purpose of taking into account and if deemed appropriate, to approve with or without modifications, a proposed scheme of arrangement and compromise between CRSB and the respective financial institutions involved.

In addition, the Court Orders have *inter-alia* restrained all proceedings against the said applicants of the order named therein (being essentially the CRSB Group), including but not limited to the enforcement of any securities, proceedings to wind up the applicants and/or appointment of any receiver and/or manager over the applicants' assets by the scheme creditors, except with the leave of Court and subject to the terms on which the Court shall decide. Pursuant to the latest Court Order dated 4 July 2018, the aforementioned restraining order has been extended for a period of 5 months from 15 June 2018 (being the date of expiry of the second restraining order dated 20 February 2018) till 15 November 2018. Please refer to the announcements dated 20 November 2017, 20 February 2018 and 4 July 2018.

The CRSB Group recorded net loss after tax of approximately RM66.2 million and RM4.6 million for the financial year ended 31 December 2017 (“FY2017”) and for the six months period ended 30 June 2018 (“HY2018”) respectively. The net asset value and net tangible asset of the CRSB Group as at 31 December 2017 are approximately negative RM58.9 million and RM59.1 million respectively. The net asset value and net tangible asset of the CRSB Group as at 30 June 2018 are approximately negative RM63.1 million and RM63.3 million respectively.

The total outstanding loans under the CRSB Group as at 30 June 2018 are as follows:

Loans	Outstanding amount as at 30 June 2018 (RM'000)	Details of collateral/security
Redeemable exchangeable bonds	9,217	Corporate guarantee by CRHL.
Term loans	16,689	The term loans are secured by (i) fixed and floating charge over all present and future assets of certain subsidiaries; and (ii) pledge of fixed deposits with licensed banks. Certain term loans are also secured by (i) corporate guarantees of CRHL and CRSB; and (ii) legal assignment to the lender of all rights, titles, benefits and interests in insurance policies of certain subsidiaries.
Bills payables and bank overdraft	5,750	The bills payables and bank overdraft are secured by (i) fixed and floating charges over all the present and future assets of certain subsidiaries; (ii) pledge of fixed deposits with licensed banks; and (iii) corporate guarantees of CRHL and CRSB.
Finance lease	373	The obligations under finance lease payables are secured by the lessor's charge over the leased assets.
Total	32,029	

As at the date of this announcement, no valuation was conducted in respect of the CRSB Group for the purpose of the Proposed Disposal.

The Proposed Disposal is part of an ongoing restructuring involving the Group's business. The Consideration for the Proposed Disposal was arrived at after an arms-length negotiation and on a willing seller and willing buyer basis taking into account, *inter alia*, the CRSB Group's loss after tax position of RM66.2 million and RM4.6 million for FY2017 and HY2018 respectively, the CRSB Group's negative shareholders' fund of approximately RM63.1 million as at 30 June 2018 and the CRSB Group's net current liabilities position of approximately RM73.9 million as at 30 June 2018.

Based on the unaudited consolidated financial statements of the Group for HY2018 and the Consideration, the Group will recognise a gain of approximately RM31.4 million from the Proposed Disposal subject to any accounting adjustments which may be necessary upon the finalisation of the transaction.

2.2 Information on the Purchaser

The Purchaser is a company incorporated and having a registered office in Cayman Islands. The Purchaser is a fund manager which manages certain investments and assets of funds. The sole shareholder of the Purchaser is Tremendous Asset Partners Ltd (which is owned by Dato' Mohammed Azlan Hashim), and the sole director is Mr Ng Teck Wah ("**Mr Ng**") (who is the Non-Executive Chairman of the Company and also a director of CRSB). Save as disclosed, the Purchaser and its shareholder are not in any way related to the Group, the Directors or any of the substantial shareholders of the Company.

In view of Mr Ng's conflict of interest, being the sole director of the Purchaser, the Non-Executive Chairman of the Company and director of CRSB, Mr Ng has abstained from deliberating and making recommendation in relation to the Proposed Disposal. Mr Ng will also *inter-alia* abstain (where applicable), and will undertake (where applicable) to ensure each of his respective associates (as defined under Section B: Rules of Catalist ("**Catalist Rules**") or as required by Singapore Exchange Securities Trading Limited ("**SGX-ST**") will abstain (if any) from voting on resolution in respect of the Proposed Disposal at the extraordinary general meeting ("**EGM**") to be convened in connection with, *inter alia*, the Proposed Disposal.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Sale and Purchase

Subject to the terms and conditions of the SSA, the Company shall sell and transfer to the Purchaser, and the Purchaser shall purchase the entire issued and paid up capital of CRSB ("**Sale Shares**"), free from all encumbrances and together with all rights and benefits attaching thereto.

For the avoidance of doubt, the Purchaser agrees that it is a fundamental term that the sale of the Sale Shares is agreed to by the Company on the basis that the Purchaser will procure that CRSB shall sell and transfer to the Company the entire share capital of the Excluded Subsidiary in accordance with the SSA. The Company shall not be obliged to complete the Proposed Disposal unless the sale of the entire share capital of the Excluded Subsidiary by the Purchaser via procurement of CRSB to sell back to the Company ("**Sale Back**") is completed simultaneously.

3.2 Consideration

3.2.1. The consideration for the sale, purchase and transfer of the Sale Shares payable by the Purchaser is RM10.00.

3.2.2. By entering into the SSA, the Purchaser acknowledges that *inter-alia*:

- (a) CRSB as well as the Sale Subsidiaries may have actual as well as contingent liabilities of significant aggregate amounts ("**Liabilities**");
- (b) certain of the businesses and assets of CRSB and certain of the Sale Subsidiaries are charged and/or mortgaged and/or otherwise subject to encumbrances in favour of third party institutions as security for loan and other financing facilities;
- (c) the Company has given corporate guarantees, including (without limitation) those set out in the SSA, in respect of certain of the Liabilities, and the financial institutions in whose favour those corporate guarantees are given are unlikely to release the Company from those obligations notwithstanding the Company's sale and transfer of the Sale Shares pursuant to the SSA; and
- (d) the Purchaser has conducted its due diligence checks and evaluated the transactions contemplated by the SSA, including the Sale Back.

3.2.3 The Company and the Purchaser agree in terms of the following and that each of the transactions (and the consideration payable) in respect thereof shall be integral to the sale, purchase and transfer of the Sale Shares:

- (a) by purchasing the Sale Shares, the Purchaser will, on the date of completion of transfer of the Sale Shares in accordance to the SSA ("**Completion Date**"), hold all of the share capital of CRSB and in effect also of the Sale Subsidiaries (excluding the Excluded Subsidiary); and
- (b) the Sale Back is integral to the sale and purchase of the Sale Shares, and the consideration for the sale, purchase and transfer of the shares in the Excluded Subsidiary shall be nominal and set at RM1.00 ("**Sale Back Price**").

3.2.4 On the Completion Date, the Purchaser shall pay the entire Consideration, and the Company will pay the Sale Back Price in respect of the Sale Back.

3.2.5 The Parties agree with the sale, purchase and transfer of the Sale Shares, the Purchaser will procure that CRSB shall sell and transfer to the Company all of the share capital of the Excluded Subsidiary, at the Sale Back Price.

It is a condition of the SSA that the completion of transfer of the Sale Shares ("**Completion**") shall be contemporaneous with the completion of the Sale Back.

3.3 Conditions Precedent

3.3.1. Completion of the sale, purchase and transfer of the Sales Shares are conditional upon the following conditions ("**Conditions**") having been fulfilled unless specifically waived by the respective parties:

- (i) to the extent applicable to the sale and/or transfer by the Company of the Sale Shares as contemplated by the SSA, the approval on the Proposed Disposal from the three lenders of the CRSB Group, being Malayan Banking Berhad, CIMB Bank Berhad and AmBank (M) Berhad (collectively, the "**Lenders**"), the Restructuring Scheme becoming effective and the execution of the relevant documents with the Lenders for settlement of liabilities;
- (ii) the approval in an extraordinary general meeting ("**EGM**") of the shareholders of the Company for the entry into and performance of the SSA, if required;
- (iii) the receipt of the resolutions of the Directors of the Company, certified as true, correct and subsisting by a Director of the Company, for the entry into and performance of the SSA by the Company;
- (iv) the receipt of the resolutions of the Directors of CRSB, certified as true, correct and subsisting by a Director of CRSB, for the entry into and performance of the Sale Back;
- (v) the receipt of the resolutions of the Directors of the Purchaser, certified as true, correct and subsisting by a Director of the Purchaser, for the entry into and performance of the SSA by the Purchaser;
- (vi) to the extent applicable to the sale and/or transfer by the Company of the Sale Shares as contemplated by the SSA, the written consent to such sale and/or transfer of shares (or written waiver of such consent) by the respective shareholders (other than CRSB or any of the Sale Subsidiary) in the following subsidiaries:
 - (i) Bistroamericana (JB) Sdn Bhd;
 - (ii) PT Chaswood Resources;
 - (iii) PT Chaswood Resources BB; and
 - (iv) PT Chaswood Resources Jakarta,

- (vii) to the extent applicable to the sale and/or transfer by the Company of the Sale Shares as contemplated by the SSA, the written consent to such sale and/or transfer (or written waiver of such consent) by any lender, financier, franchisor or any other person or public authority in relation to the licences, franchise rights, and other right or interest pertaining to the operations and/or business of any of the Sale Subsidiaries; and
- (viii) all necessary consents, approvals and waivers of the SGX-ST in connection with the SSA and all other transactions in connection therewith and incidental thereto, having been obtained by the Company, as relevant, including without limitation, where applicable, compliance with relevant rules under the Catalist Rules as well as compliance with all applicable laws and regulations (where applicable and necessary) as opined by an acceptable lawyer.

3.4 Completion

- 3.4.1. Completion of the sale and purchase of the Sale Shares shall take place at a venue in Kuala Lumpur and at a time during normal working hours on a business day as determined by the Company, which is within three (3) business days after the fulfilment of the Conditions set out in section 3.3 (or as may be otherwise agreed by the Company and the Purchaser) ("**Completion Date**").
- 3.4.2. On the Completion Date, the Company shall deliver the documents and/or items in respect of the Sales Shares to the Purchaser and the Purchaser shall deliver the documents and/or items in respect of the Sale Back to the Company as set out in the SSA.
- 3.4.3. On the Completion Date, the Purchaser shall pay the amount referred to in section 3.2.1 and the Company shall pay the amount referred to in section 3.2.3(b) above.

3.5 Post-Completion Undertakings

Pursuant to the Completion of the Proposed Disposal in section 3.4 above, the Purchaser undertakes to the Company that it:

- (a) shall use its best efforts to dispose of all of the shares in the capital of each of the subsidiaries which conduct business involving the TGI Fridays or Teh Tarik Place brands ("**Affected Subsidiaries**") which is listed under Schedule 4 of the SSA (to the extent such shares are owned by CRSB and/or any of the Sale Subsidiaries), on an arm's-length basis and at as high a price and on as favourable terms as it using its best efforts can obtain within 18 months from the Completion Date or such other dates to be mutually agreed upon;
- (b) shall apply the proceeds of such disposal towards such liabilities of CRSB and/or the Sales Subsidiaries as required by the provisions of the Restructuring Scheme (as applicable at the time of the legal completion of the relevant disposals); and
- (c) shall not dispose the shares in the capital of each of the Affected Subsidiaries to any interested persons of the Company as defined under the Catalist Rules.

Save as disclosed above, there are no other material terms and conditions attaching to the Proposed Disposal.

3.6 Other Information

The remaining liabilities of CRSB and/or the Sales Subsidiaries payable to the Lenders as required by the provisions of the Restructuring Scheme after (a) liquidation of the securities for the respective loans; and (b) repayment via the proceeds from the disposal of the Affected Subsidiaries, shall be settled by the Company (being the corporate guarantor) via issuance of new Shares for which the terms are subject to negotiation and agreement with the Lenders ("**Proposed Terms of Settlement**").

As at the date of this announcement, the estimated value of the securities pledged to the Lenders (including fixed deposits with licensed banks and properties held under certain subsidiaries of

which certain Lenders have a fixed and floating charge over its assets) for the respective loans is approximately RM1.9 million. Other securities are as disclosed in the table in section 2.1. As at the date of this announcement, the Company has also not received any firm offers for the disposal of the Affected Subsidiaries. As such the amount of the remaining liabilities of CRSB Group which is to be settled via issuance of new Shares may change and vary.

The Company also wishes to highlight that formal approvals from the Lenders for *inter-alia* the Restructuring Scheme have not been sought and that the Proposed Terms of Settlement are subject to further negotiation. The Restructuring Scheme is subject to *inter-alia* the approval of the Lenders. The announcement of the Proposed Disposal does not contravene the Court Orders and Restructuring Scheme.

The Board confirms that the Proposed Disposal is to facilitate the sale of the Affected Subsidiaries and is part of the restructuring plan of the Company and not to circumvent any rules and regulation of the SGX-ST as well as any other relevant laws and regulations.

For avoidance of doubt, there will be no fees or commission payable by the Company to the Purchaser in connection with the disposal of the Affected Subsidiaries. In addition, the Purchaser will undertake that all fees and commission that it may earn or receive from the disposal of the Affected Subsidiaries will be paid to the Company (where applicable).

4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

The Proposed Disposal of CRSB is part of an ongoing restructuring exercise to restore the financial position of the Company. The Proposed Disposal will remove a negative RM63.1 million (based on HY2018) in shareholders' fund contributed by CRSB Group.

The Board is of the view that the Proposed Disposal is in the best interest of the Company and the shareholders as it will improve the financial position of the Company and provide better value to the shareholders with the completion of the restructuring exercise. The purpose of retaining the Excluded Subsidiary is to ensure the Company has an existing business after the Proposed Disposal to retain its listing status.

As the proceeds from the Proposed Disposal are nominal, the use of proceeds may not be meaningful.

Remaining business after the Proposed Disposal

Upon completion of the Proposed Disposal (including the Sale Back), the Company shall be operating its restaurant business under the Italiannies brand via the Excluded Subsidiary. For illustrative purpose only, the Excluded Subsidiary generated revenue of approximately RM3.9 million and RM1.7 million for FY2017 and HY2018 respectively.

Upon completion of the Proposed Disposal (including the Sale Back), the Company shall have the following subsidiaries:

- (i) the Excluded Subsidiary;
- (ii) Chaswood Sino Pte Ltd;
- (iii) Chaswood Global Pte Ltd;
- (iv) Chaswood Resources HK Private Limited;
- (v) Chaswood Restaurant Management Shanghai Co. Ltd; and
- (vi) Chaswood Resources (Thailand) Co Ltd.

The Company and the remaining subsidiaries (including the Excluded Subsidiary) after completion of the Proposed Disposal are referred as the "**Remaining Entities**".

For illustrative purpose only, the summary of the proforma financial performance for FY2017 and HY2018 and proforma financial position of the Remaining Entities as at 30 June 2018 are set out below:

Remaining entities – Statement of financial performance

RM'000	Proforma FY2017	Proforma HY2018
Revenue	3,899	1,716
Cost of sales	1,529	714
Gross profit	2,370	1,002
Loss before taxation	(32,023) ⁽¹⁾	(5,034) ⁽²⁾
Loss after taxation	(32,028) ⁽¹⁾	(5,034) ⁽²⁾

Notes:

- (1) The loss is mainly contributed by the accrual for the corporate guarantees provided by the Company to the Lenders and TVF.
- (2) The loss is mainly contributed by the accrual for the Provision of Corporate Guarantees. Refer to section B below for information on the Provision of Corporate Guarantees.

Remaining entities – Statement of financial position

RM'000	The Group's unaudited as at 30 June 2018	Remaining Entities - Proforma after the Proposed Disposal, Provision of Corporate Guarantee and Proposed Debt Conversion
Non-current assets		
Property and equipment	13,342	1,419
Intangible assets	245	-
Investment in associates	197	-
Total Non-current Assets	13,784	1,419
Current Assets		
Inventories	2,470	53
Trade and other receivables	2,227	76
Other Assets	8,156	319
Tax recoverable	644	93
Cash and cash equivalents	5,539	35
Total Current Assets	19,036	576
Total Assets	32,820	1,995
Current Liabilities		
Trade and other payables	58,745	40,208 ⁽⁵⁾
Other financial liabilities	37,327	-
Other liabilities	246	-
Total Current Liabilities	96,318	40,208
Non – Current Liabilities		
Deferred tax liabilities	1,387	132
Other financial liabilities	333	-
Total Non-Current Liabilities	1,720	132
Total Liabilities	98,038	40,340
Net Assets	(65,218)	(38,345)

Notes:

The proforma figures are arrived at after taking into account the following assumptions:

- (1) The Proposed Debt Conversion as announced by the Company on 3 September 2018 involving the issuance of 11,111,110 new ordinary shares in the share capital of the Company had been completed on 30 June 2018.
- (2) In HY2018, accruals amounting to approximately RM4.5 million for the Provision of Corporate Guarantees to Monz Investments Ltd and Andrew Roach Reddy are made. Further details are included in section B below.
- (3) Amounts due to/from subsidiary and related companies are waived.
- (4) Certain non-recurring salaries and expenses are adjusted in the proforma.
- (5) Trade and other payables mainly consist of accrual for the corporate guarantees to the Lenders, TVF, Monz Investments Ltd and Andrew Roach Reddy, trade payables of approximately RM0.4 million and outstanding professional fees.

The Directors confirm to the best of their knowledge that as at the date of this announcement save for the trade and other payables of approximately RM40.2 million as at 30 June 2018 as disclosed in the proforma financial position of the Remaining Entities, there is no other liabilities or contingent liabilities for the Remaining Entities. In addition, the Directors confirm that to the best of their knowledge as at the date of this announcement, the Remaining Entities are not subject of any litigation proceeding.

After the Proposed Disposal and Provision of Corporate Guarantees (please refer to section B below), the Remaining Entities will be exposed to the following corporate guarantees provided:

Creditor	Corporate guarantee exposure as at 30 June 2018 (RM'000)
Lenders	22,439
TAP Venture Fund I Pte Ltd ("TVF") ⁽¹⁾	9,217
Monz Investments Ltd ⁽²⁾	3,004
Andrew Roach Reddy ⁽²⁾	1,613
Total	36,273

Notes:

- (1) The liabilities of TVF arose from the issuance of redeemable exchangeable bonds ("REB") by Chaswood Capital Pte Ltd, a subsidiary of CRSB, to TVF via 3 tranches on 25 April 2014, 5 December 2014 and 27 January 2015 respectively with the maturity of the REB being due on 23 April 2018. The Company is currently in negotiation with TVF for the proposed settlement plan for the redemption amount and further announcements will be made on any updates.
- (2) Refer to section B below for information on the Provision of Corporate Guarantees.

The restructuring of the outstanding liabilities of the Remaining Entities will be announced at a later date.

For illustrative purpose only, the summary of the pro-forma financial performance for FY2017 and HY2018 and pro-forma financial position of the CRSB Group as at 30 June 2018 are set out below:

CRSB Group – Proforma statement of financial performance

RM'000	Proforma FY2017	Proforma HY2018
Revenue	133,829	48,465
Cost of sales	44,548	15,594
Gross profit	89,281	32,871
Loss before taxation	(67,086)	(4,466)
Loss after taxation	(66,163)	(4,643)

CRSB Group – Proforma statement of financial position

RM'000	As at 30 June 2018
Non-current assets	
Property and equipment	11,922

Intangible assets	245
Investment in associates	197
Total Non-current Assets	12,364
Current Assets	
Inventories	2,417
Trade and other receivables	1,843
Other Assets	9,745
Tax recoverable	858
Cash and cash equivalents	5,505
Total Current Assets	20,368
Total Assets	32,732
Current Liabilities	
Trade and other payables	62,309
Other financial liabilities	31,682
Other Liabilities	246
Total Current Liabilities	94,237
Non – Current Liabilities	
Deferred tax liabilities	1,255
Other financial liabilities	333
Total Non-Current Liabilities	1,588
Total Liabilities	95,825
Net Assets	(63,093)

Future plans

The market in which the Group operates remains competitive and demanding. In the first half of 2018, the food and beverage (“F&B”) retail industry continued to face difficult operating environment, particularly in Malaysia, where many other F&B players have exited the market, due to the weak consumer sentiment since GST was implemented in 2015. In addition, profit margins were affected by rising operating costs coupled with competition to match increasing discounts and promotions by competitors. The Board and the Management are exploring, *inter alia*, new viable business, investment, and acquisition opportunities. Negotiations have been held with various parties for the proposed injection of a new business into the Company which may result in a reverse takeover (“**Proposed RTO**”). Discussion is still currently on-going as the Proposed RTO is part of the Company’s restructuring and resumption trading plan. Announcements will be made if there are any further updates on the Proposed RTO.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures computed on the applicable bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Disposal and based on the unaudited consolidated financial statements of the Group for HY2018 as announced by the Company on 14 August 2018 are set out below.

Rule 1006	Computations	Percentage (%)
(a)	The net asset value of the assets to be disposed of compared with the Group’s net asset value.	Not meaningful ⁽¹⁾

(b)	The net profits attributable to the assets disposed of compared with the Group's net profit	Not meaningful ⁽²⁾
(c)	Aggregate value of the consideration received, compared with the Group's market capitalization	0.0% ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration, compared with the number of equity securities previously in issue	Not Applicable
(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.	Not Applicable

Notes:

- (1) Not meaningful as the CRSB Group and the Group was in net liabilities position as at 30 June 2018 of approximately RM63.1 million and RM65.2 million respectively. The ratio of the net liabilities position of the CRSB Group to the net liabilities position of the Group is approximately 96.7%.
- (2) Not meaningful as the CRSB Group and the Group recorded pre-tax loss for HY2018 of approximately RM4.5 million and RM5.3 million respectively. The ratio of the pre-tax loss of the CRSB Group to the pre-tax loss of the Group is approximately 84.2%.
- (3) Computed based on the Consideration of RM10.00 (or approximately S\$3.32 based on the exchange rate of S\$1:RM3.013 as at 13 September 2018 being the market day preceding the signing of the SSA) and the market capitalisation of the Group of approximately S\$2.26 million. The Group's market capitalisation is computed based on the number of issued Shares of 250,605,231 and the weighted average price of approximately S\$0.009 per Share on 28 February 2018, being the last trading day prior to trading suspension of the Shares on 18 June 2018 and prior to the signing of the SSA.

The relative figures computed on the bases set out in Rule 1006(a) and Rule 1006(b) involved negative figures, as such pursuant to Rule 1007(1) of the Catalist Rules, the Company will, through the Sponsor, consult the SGX-ST on the application of Chapter 10 of the Catalist Rules for the Proposed Disposal. In view of the Proposed Disposal involves disposal of substantial part of the Group's core business and results in the material change of the Group's risk profile, the Proposed Disposal is accordingly subject to the approval of the shareholders at the EGM.

The circular to shareholders ("**Circular**") containing information on, *inter alia*, the Proposed Disposal together with the notice of the EGM will be despatched to shareholders in due course.

B. PROVISION OF CORPORATE GUARANTEE TO MONZ INVESTMENTS LTD AND ANDREW ROACH REDDY

1. INTRODUCTION

CHRL had on 14 September 2018 entered into agreements for the provision of corporate guarantees ("**Corporate Guarantees**") in favour of the following parties:

- (i) Monz Investments Ltd ("**Monz**") for providing interest free bridging loans to CRSB totalling US\$725,000 (approximately S\$996,781); and
- (ii) Andrew Roach Reddy ("**Andrew**") for providing interest free loans to CRSB totalling RM1,613,093 (approximately S\$535,378).

(collectively referred to as "**Loans**") in consideration of Monz and Andrew (collectively referred to as "**Creditors**") agreeing to lend or continue to lend for the benefit of CRSB ("**Provision of Corporate Guarantees**"). The Loans were utilised for working capital purposes.

The Provision of Corporate Guarantees is subject to, where applicable, approval from the shareholders.

2. BACKGROUND OF THE CREDITORS

Monz is a long term investment holding company who has invested in various business sectors across Singapore, China and Hong Kong. The sole shareholder and director is Mr Ong Sing Eng

who has more than 10 years of experience in corporate assignments ranging from divestment, restructuring, monitoring and assessment.

Andrew is a substantial shareholder and Managing Director of the Company.

3. RATIONALE

It was the intention for the amount owing to the Creditors be settled via issuance of new Shares of the Company. In view of the Proposed Disposal and pending the issuance of such new Shares, corporate guarantees are now requested by the Creditors given that there is no immediate debt conversion or repayment.

The Provision of Corporate Guarantees is not conditional on the Proposed Disposal and vice-versa.

4. TERMS OF THE CORPORATE GUARANTEE

- (a) Within 7 days of receiving a written demand by the Creditors, to pay to the Creditors any sum due and unpaid by CRSB under or in respect of the Loans under or in accordance with the terms and conditions of the loan agreements ("**CRSB Liabilities**").
- (b) This corporate guarantee shall be effective upon obtaining the relevant regulatory or the Company's shareholders' approval, if required and where applicable. If no such approval is required, the corporate guarantee shall be effective on the date the agreements of the corporate guarantee are executed.
- (c) The corporate guarantee shall be a continuing security and shall not be determinable by CRHL except on terms of CRHL's making full provision for or CRSB repaying the whole of the CRSB Liabilities due and remaining unpaid.
- (d) CRHL's liabilities shall not be discharged or released from the corporate guarantee by:
 - (i) the granting of any time, credit or variation in the Loans under the terms and conditions of the loan agreements or other indulgence or concession whatsoever or by any neglect or omission or delay on the part of the Creditors or by any compromise, abandonment, waiver, release, variation, redemption or compounding by the Creditors of any of their rights or by CRHL being unaware of any default, omission, breach or neglect on the part of CRSB or by the holding of any security by the Creditors;
 - (ii) any failure by the Creditors to take or enforce any security or by any invalidity of any security taken or by any existing or future agreement by the Creditors as to the application of any advances made or to be made to CRSB or failure to take steps to recover the moneys due and payable by CRSB by action or otherwise;
 - (iii) the fact that all or any part of the CRSB Liabilities may not be or may cease to be recoverable from CRSB or any other person liable in respect thereof for any other reason than that the same has been fully paid and satisfied;
 - (iv) the liquidation, winding up and/or bankruptcy (as the case may be) of CRSB and/or CHRL;
or
 - (v) any payment whether by CRSB or any other person which would reduce or operate in satisfaction or partial satisfaction of CHRL's liability hereunder where such payment is void or avoided for any reason (irrespective of when such avoidance operates) to the intent that such liability may be enforced on the amount thereof as it exists prior to such payment as if such payment had never been made.
- (e) Until the CRSB Liabilities shall have been fully paid or discharged, CHRL agrees that CHRL will not by paying off any sum recoverable hereunder or by any other means or on any other ground claim any set-off or counter-claim against CRSB in respect of any liability on the CHRL's

part to CRSB or claim or prove in competition with the Creditors in respect of any payment by any of CHRL hereunder or be entitled to claim or have the benefit of any set-off, counter-claim or proof against or dividend, composition or payment by CRSB or the benefit of any other security which the Creditors may now or hereafter hold in respect of the CRSB Liabilities or to have any share therein.

5. INTERESTED PERSON TRANSACTION

Andrew is a substantial shareholder and director of the Company. Accordingly, Andrew is an “interested person” for the purposes of Chapter 9 of the Catalyst Rules.

Based on the Group's latest audited financial statement for the financial year ended 31 December 2017, the Group recorded net tangible liabilities of approximately RM62.1 million. As such, the materiality of the provision of corporate guarantee to Andrew as an interested person transaction cannot be meaningfully measured. Nevertheless, the Company will, *inter-alia*, be seeking shareholders' approval for the provision of corporate guarantee to Andrew for the Loan as an interested person transaction under Chapter 9 of the Catalyst Rules (and with such abstention from voting as is normal for transactions of such nature) at the EGM to be convened.

6. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company will be appointing an Independent Financial Adviser (“**IFA**”) to obtain an opinion before forming a view that the corporate guarantee amount is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders. The appointment of an IFA will be announced separately in due course.

Save as disclosed, there are no other interested person transactions entered into by the Group with Andrew or his associates for the financial year ended 31 December 2017.

C. UPDATE ON RESTRUCTURING PLAN

The Company has submitted a proposal on the Restructuring Scheme to the Lenders including *inter-alia* the Proposed Terms of Settlement. The Company is also currently in negotiation with other creditors including TVF, holder of the REB, for the settlement of liabilities via the issuance of new Shares of the Company.

As stated in the future plans under section A-4 above, the Company is exploring, *inter alia*, the Proposed RTO.

No agreements in relation the settlement of liabilities and Proposed RTO have been executed in writing with any parties. The Company will make further announcement if there is any material development.

D. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL AND PROVISION OF CORPORATE GUARANTEES

The pro-forma financial effects of the Proposed Disposal, prepared based on the consolidated financial statements of the Group for FY2017, are set out below. The pro-forma financial effects of the Proposed Disposal and Provision of Corporate Guarantees are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Group after completion of the Proposed Disposal and Provision of Corporate Guarantees.

1. Net Tangible Assets (“NTA”) per Share

Assuming the Proposed Disposal and Provision of Corporate Guarantees have been completed on 31 December 2017, being the end of the most recently completed financial year of the Group, the financial effects on the NTA per share of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal	After the Provision of Corporate Guarantees
NTA (RM'000)	(62,363)	(33,372) ⁽²⁾	(37,989)
Number of Shares ('000)	250,605	261,716 ⁽¹⁾	261,716
NTA per Share (RM cents)	(24.9)	(12.8)	(14.5)

Notes:

- (1) Assuming the Proposed Debt Conversion as announced by the Company on 3 September 2018 involving the issuance of 11,111,110 new ordinary shares in the share capital of the Company had been completed on 31 December 2017.
- (2) Taking in account potential gain from the Proposed Disposal of approximately RM27.4 million, Proposed Debt Conversion of S\$100,000, reversal of non-recurring key management salaries and expenses of approximately RM0.8 million and some forex adjustment in one of its investment of approximately RM 0.3 million.

2. Loss/Profit per Share

Assuming that the Proposed Disposal had been effected on 1 January 2017, being the beginning of the most recently completed financial year of the Group, the financial effects on the loss per share of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal	After the Provision of Corporate Guarantees
(Loss)/Profit after tax attributable to equity holders of the Company (RM'000)	(68,750)	(41,389) ⁽¹⁾	(46,006)
Number of Shares	250,605	261,716 ⁽²⁾	261,716
(Loss)/Profit per Share (RM cents)	(27.4)	(15.8)	(17.6)

Notes:

- (1) Taking into account the potential gain from the Proposed Disposal of approximately RM27.4 million.
- (2) Assuming the Proposed Debt Conversion as announced by the Company on 3 September 2018 involving the issuance of 11,111,110 new ordinary shares in the share capital of the Company had been completed on 31 December 2017.

3. Gearing

Assuming that the Proposed Disposal had been effected on 1 January 2017, being the beginning of the most recently completed financial year of the Group, the financial effects on the gearing of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal	After the Provision of Corporate Guarantees
Total Borrowings (RM'000)	32,044 ⁽¹⁾	- ⁽³⁾	-
Net asset value (RM'000)	(61,877)	(33,372) ⁽²⁾	

			(37,989)
Gearing (times)	(0.52)	-	-

Notes:

- (1) Consists of total borrowings attributable to CRSB Group including the Exchangeable Bonds.
- (2) Taking in account potential gain from the Proposed Disposal of approximately RM27.4 million, Proposed Debt Conversion of S\$100,000, reversal of non-recurring key management salaries and expenses of RM0.8 million and some forex adjustment in one of its investment of approximately RM 0.3 million.
- (3) The Remaining Entities are still liable for the Corporate Guarantees of approximately RM[36.3]million which is disclosed under trade and other payables.

E. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement and through their respective shareholdings in the Company, none of the Directors and/or controlling Shareholders of the Company has any interest (direct or indirect) in the Proposed Disposal and Provision of Corporate Guarantees.

F. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly no service contract is proposed to be entered into between the Company and any such person.

G. EXTRAORDINARY GENERAL MEETING

The Company intends to seek shareholders' approval for, *inter alia*, the Proposed Disposal, Provision of Corporate Guarantee to Andrew as an Interested Person Transaction and such other matters in relation thereto, and the Circular setting out further information on, *inter alia*, the Proposed Disposal and such other matters in relation thereto, together with a notice of the EGM to be convened, will be dispatched to the shareholders in due course.

H. DOCUMENTS FOR INSPECTION

A copy of the SSA and corporate guarantee agreements are available for inspection by shareholders during normal business hours at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 for a period of three (3) months commencing from the date of this announcement.

I. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, Provision of Corporate Guarantees, settlement of outstanding liabilities, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Shareholders should note that the Proposed Disposal and Provision of Corporate Guarantee to Andrew are subject to shareholders approval. There is no assurance that the above mentioned transactions will be completed and the transactions are part of a complex Restructuring Scheme.

By Order of the Board

CHNG HEE KOK
Non-Executive Independent Director
14 September 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Mr. Liao H.K.
Telephone number: 6221 0271*

APPENDIX A
LIST OF SALE SUBSIDIARIES

No.	Name of Subsidiaries	Country of Incorporation	Principal Activities	Shareholding (%)	Paid-up Share Capital
1.	Bistroamericana (PJ) Sdn. Bhd. (Company No. 308915-P)	Malaysia	Restaurant Operator ***	100	RM1,000,000
2.	Bistroamericana (M) Sdn. Bhd. (Company No. 264965-M)	Malaysia	Restaurant Operator ***	100	RM2,000,000
3.	Bistroamericana (SJ) Sdn. Bhd. (Company No. 376580-V)	Malaysia	Restaurant Operator ***	100	RM1,500,000
4.	Bistroamericana (JB) Sdn. Bhd. (Company No. 415172-P)	Malaysia	Restaurant Operator	20	RM1,000,000
5.	Bistroamericana (TC) Sdn. Bhd. (Company No. 653016-U)	Malaysia	Restaurant Operator	100	RM500,000
6.	Bistro Italiana (SJ) Sdn. Bhd. (Company No. 402790-V)	Malaysia	Restaurant Operator ***	100	RM850,000
7.	Bistroamericana (BU) Sdn. Bhd. (Company No. 597692-U)	Malaysia	Restaurant Operator	100	RM500,000
8.	Trinity Square Sdn. Bhd. (Company No. 655164-T)	Malaysia	Restaurant Operator	100	RM500,000
9.	Bistro Italiana (JB) Sdn. Bhd. (Company No. 713363-D)	Malaysia	Restaurant Operator ***	100	RM1,800,000
10.	Bistro Italiana (TG) Sdn. Bhd. (Company No. 764162-W)	Malaysia	Restaurant Operator ***	100	RM750,000
11.	Teh Tarik Place Sdn. Bhd. (Company No. 751516-A)	Malaysia	Restaurant Operator	100	RM200,000
12.	Bistroamericana (QB) Sdn. Bhd.	Malaysia	Restaurant Operator	100	RM1,000,000

No.	Name of Subsidiaries	Country of Incorporation	Principal Activities	Shareholding (%)	Paid-up Share Capital
	(Company No. 742922-X)				
13.	Bistroamericana (BB) Sdn. Bhd. (Company No. 780752-K)	Malaysia	Restaurant Operator	100	RM2,300,000
14.	Bistroamericana (SP) Sdn. Bhd. (Company No. 780572-W)	Malaysia	Restaurant Operator	100	RM2,150,000
15.	The Apartment Sdn. Bhd. (Company No. 770287-V)	Malaysia	Restaurant Operator ***	100	RM500,000
16.	Bistro Italiana (MT) Sdn. Bhd. (Company No. 770241-U)	Malaysia	Dormant	100	RM100
17.	Curry Leaf's Sdn. Bhd. (Company No. 795649-T)	Malaysia	Dormant	100	RM500,000
18.	Bistromalones (S) Sdn. Bhd. (Company No. 608395-W)	Malaysia	Restaurant Operator ***	100	RM500,000
19.	Teh Tarik Place (SA) Sdn. Bhd. (Company No. 826851-H)	Malaysia	Restaurant Operator ***	100	RM600,000
20.	Bistroamericana (IOI) Sdn. Bhd. (Company No. 826847-M)	Malaysia	Restaurant Operator ***	100	RM1,000,000
21.	Bistroamericana (Hartamas) Sdn. Bhd. (Company No. 838371-T)	Malaysia	Restaurant Operator	100	RM500,000
22.	Bistroamericana (TG) Sdn. Bhd. (Company No. 868650-T)	Malaysia	Restaurant Operator ***	100	RM700,000
23.	Bistroamericana (WW) Sdn. Bhd. (Company No. 850954-M)	Malaysia	Restaurant Operator ***	100	RM500,000
24.	Bistromalones (BB) Sdn. Bhd.	Malaysia	Restaurant Operator	100	RM500,000

No.	Name of Subsidiaries	Country of Incorporation	Principal Activities	Shareholding (%)	Paid-up Share Capital
	(Company No. 910987-P)				
25.	The Apartment (BB) Sdn. Bhd. (Company No. 910951-K)	Malaysia	Restaurant Operator ***	100	RM500,000
26.	Bistroamericana (A) Sdn. Bhd. (Company No. 919858-K)	Malaysia	Restaurant Operator	100	RM500,000
27.	Bistrojapan (BB) Sdn. Bhd. (Company No. 941538-V)	Malaysia	Dormant	100	RM2
28.	Bistrojapan (BU) Sdn. Bhd. (Company No. 964063-P)	Malaysia	Dormant	100	RM2
29.	Bistroamericana (MT) Sdn. Bhd. (Company No. 949062-P)	Malaysia	Dormant	100	RM2
30.	Café Baci Sdn. Bhd. (Company No. 948946-P)	Malaysia	Dormant	100	RM500,000
31.	Bistrojapan (PM) Sdn. Bhd. (Company No. 977929-M)	Malaysia	Dormant	100	RM500,000
32.	Bistro Italiana (PM) Sdn. Bhd. (Company No. 977924-U)	Malaysia	Restaurant Operator ***	100	RM500,000
33.	Bistroamericana (SA) Sdn. Bhd. (Company No. 977930-A)	Malaysia	Restaurant Operator ***	100	RM500,000
34.	Bistroamericana (PM) Sdn. Bhd. (Company No. 977922-W)	Malaysia	Restaurant Operator ***	100	RM500,000
35.	Bulgogi Brothers Restaurants Sdn. Bhd. (Company No. 1007894-P)	Malaysia	Restaurant Operator ***	100	RM500,000
36.	Bistroamericana (EC) Sdn. Bhd. (Company No. 1155958-W)	Malaysia	Dormant	100	RM100

No.	Name of Subsidiaries	Country of Incorporation	Principal Activities	Shareholding (%)	Paid-up Share Capital
37.	Bistro Italiana (EC) Sdn. Bhd. (Company No. 1155963-A)	Malaysia	Dormant	100	RM100
38.	Bistromalones (PJ) Sdn. Bhd. (Company No. 1155961-V)	Malaysia	Dormant	100	RM100
39.	Chaswood Resources Pte. Ltd. (Company No. 200701231W)	Singapore	Investment Holding	100	S\$100
40.	Chaswood Resources (OR) Pte. Ltd. * (Company No. 200904247M)	Singapore	Dormant	100	S\$500,000
41.	Bistroamericana (KM) Pte. Ltd. * (Company No. 201106004H)	Singapore	Dormant	100	S\$500,000
42.	Chaswood Capital Pte. Ltd. * (Company No.201105996Z)	Singapore	Investment Holding	100	S\$100
43.	Bistromalones (313) Pte. Ltd. * (Company No. 201105384E)	Singapore	Dormant	100	S\$500,000
44.	PT Chaswood Resources (Company No. AHU-38631.40.22.2014)	Indonesia	Investment Holding	99	IDR2,140,500,000
45.	PT Chaswood Resources BB ** (Company No. AHU-25827.AH.01.01.2013)	Indonesia	Restaurant Operator ***	75	IDR2,910,000,000
46.	PT Chaswood Resources Jakarta ** (Company No. AHU-53068.AH.01.01.2012)	Indonesia	Restaurant Operator	75	IDR2,910,000,000
47.	Chaswood Restaurant Management (Beijing) Co. Ltd. (Company No. 110000410092404)	China	Restaurant Operator	100	RMB64,140,787

No.	Name of Subsidiaries	Country of Incorporation	Principal Activities	Shareholding (%)	Paid-up Share Capital
48.	Yi Jun Restaurant Management (Shanghai) Co. Ltd. (Company No. 310000400739083)	China	Restaurant Operator	100	RMB49,207,534

* *Held through Chaswood Resources Pte. Ltd.*

** *Held through PT Chaswood Resources*

*** *Ceased operations*