

CHASWOOD RESOURCES HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Co. Reg. No. 200401894D)

APPLICATION FOR VOLUNTARY DELISTING OF THE COMPANY FROM THE EXCHANGE (THE "PROPOSED DELISTING"); AND WAIVER OF THE REQUIREMENTS UNDER CATALIST RULES 1307 AND 1308 IN RELATION TO THE PROPOSED DELISTING (THE "WAIVER") – RECEIPT OF NO-OBJECTION LETTER FROM THE SGX-ST

*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Company's announcements dated 14 June 2018, 20 June 2018, 13 June 2019, 3 July 2019, 16 June 2020, 19 June 2020, 13 September 2020, 14 September 2020, 11 June 2021, 1 June 2022, 18 July 2022, 5 October 2022, 29 December 2022 and 6 January 2023 ("**Previous Announcements**").*

The Company refers to the Previous Announcements and in particular the announcement dated 6 January 2023 which updated on the Company's application to the SGX-ST for a voluntary delisting and the seeking of a waiver from the SGX-ST from compliance with Catalist Rules 1307 and 1308 ("**Application for Delisting and Waiver**").

In the aforementioned application, the Company submitted that the Waiver and Delisting is in the best interest of the Company and its Shareholders, in view of the following:

a) No exit offer granted by major shareholders or any other parties

Following the termination of the SPA, the Company has subsequently enquired with its 4 largest major shareholders and other related parties to these shareholders on the exit offer and as at 27 December 2022 being the deadline given, none of them had indicated their intention to undertake an exit offer. Accordingly, on 29 December 2022 (via monthly update announcement) and 6 January 2023, the Company announced that there was no exit offer from major shareholders or any other interested parties.

b) Major shareholders support for the proposed Delisting

The Group does not have adequate financial resources and is still operating on a very tight cash flow and with amount still owing to landlords and contractors. Hence, it is unable to convene a general meeting to obtain its shareholders' approval for delisting as required under Catalist Rule 1307. On 20 February 2023, the board of directors received the support in writing from 3 major shareholders (holding in aggregate 50% interest in the Company) on the proposed Delisting.

c) No continuing sponsor

On 6 October 2022, the Company received notification from its former continuing sponsor, Asian Corporate Advisors Pte. Ltd. ("ACA"), notifying of the latter's intention to terminate its continuing sponsorship services for the Company ("**Cessation Notification**"). A notice period of 3 months from the Cessation Notification was provided, with effective end date on 5 January 2023.

As shown in the Group's latest FY2022 financial statements (refer to Appendix 1), the Company is technically insolvent and the Group does not have the adequate financial resources to commence further corporate exercise, voluntary liquidation process or appoint a new sponsor. Therefore, the proposed delisting is in the best interests of the Group and its shareholders.

No-objection from the SGX-ST

The Company wishes to update shareholders that the SGX-ST had on 21 February 2023 informed that it has no objection to granting the Company:-

- (i) the Proposed Delisting of the Company from the Official List of the Exchange ("**Proposed Delisting**"); and
- (ii) granting the Company a waiver of Listing Rules 1307 and 1308 (the "**Waiver**").

The Waiver is subject to the following conditions:

- I. The Company making an immediate announcement of the Waiver, the reasons for seeking the Waiver, the conditions as required under Catalist Listing Rule 106 and if the Waiver's condition have been satisfied. If the Waiver's conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met. The announcement should also contain (a) the exit options considered and assessed by the board of directors including the reasons for not proceeding with any of these exit options and why it is proposing to delist without an exit offer; and (b) the board of directors' opinion as to whether and the reason(s) as to why this proposal is in the best interests of the Company and its minority shareholders;
- II. The Company releasing its FY2022 financial statements on SGXNET and disclosing reasons for the Company's insolvent position which led to it being not able to convene a general meeting, commence a voluntary liquidation process or appoint a new continuing sponsor;
- III. Confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company; and
- IV. the Board of Directors' confirmation that the Waiver will not be in contravention of any laws and regulations governing the Company and its constitution (or the equivalent in the Company's country of incorporation).

(collectively, the "**Waiver's Conditions**").

The Waiver will not be effective if any of the Waiver's Conditions have not been fulfilled. The Board wishes to highlight that the SGX-ST reserves the right to amend and/or vary the above decision and such decision is subject to changes in the Exchange's policies. The Exchange also reserves the right to impose any additional conditions or require disclosure of additional information as it deems fit. The Exchange's decision is not an indication of the merits of the Proposed Delisting.

The Company confirms that it is not aware of any other information (including but not limited to financial information) with respect to the Group that may have a material bearing on investors' decisions which was not formally disclosed to the investors.

The Board confirms that the Waiver will not be in contravention of any laws and regulations governing the Company and its constitution (or the equivalent in the Company's country of incorporation).

Accordingly, the Company confirms that it has fulfilled all the Waiver's Conditions.

The Board also confirms that to their best knowledge, all material disclosures, facts and information in connection with the Proposed Delisting and the Waiver have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosures misleading.

Date and Time of the Proposed Delisting

The Proposed Delisting is expected to take place as soon as possible and Shareholders will be provided with an update on the date and time of the Proposed Delisting (at least 2 business days before the delisting date) via the SGXNet once the same has been fixed. Any further material developments will be announced as and when appropriate.

BY ORDER OF THE BOARD

ANDREW ROACH REDDY
Managing Director
23 February 2023

APPENDIX 1

FY2022 Condensed interim consolidated statement of comprehensive income

THE GROUP	3 MONTHS ENDED 31 DECEMBER			12 MONTHS ENDED 31 DECEMBER		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	960	593	61.9%	3,363	1,796	87.2%
Cost of sales	(365)	(231)	58.0%	(1,254)	(659)	90.3%
Gross profit	595	362	64.4%	2,109	1,137	85.5%
<u>Other Items of Income</u>						
Other credits	-	21	-100.0%	-	1,219	-100.0%
<u>Other Items of Expense</u>						
Marketing and distribution costs	(16)	(12)	33.3%	(64)	(38)	68.4%
Administrative expenses	(633)	(390)	62.3%	(1,975)	(1,839)	7.4%
Finance costs	(14)	(15)	-6.7%	(60)	(64)	-6.3%
Other expenses	(2)	(82)	-97.6%	(3,041)	(333)	813.2%
(Loss)/ profit before taxation	(70)	(116)	-39.7%	(3,031)	82	-3796.3%
Income tax expense	-	(172)	-100.0%	-	(220)	-100.0%
Loss after taxation	(70)	(288)	-75.7%	(3,031)	(138)	2096.4%
Other comprehensive (loss)/ profit net of tax:-						
Items that may be re classified subsequently to profit or loss:						
Exchange differences on translating foreign operations						
- Loss on translation of foreign operations	(1,147)	(176)	N.M	(3,962)	(751)	N.M
Total comprehensive loss	(1,217)	(464)	162.3%	(6,993)	(889)	686.6%
Loss attributable to owners of the company, net of tax	(70)	(288)	-75.7%	(3,031)	(138)	2096.4%
(Loss)/ profit attributable to non-controlling interests, net of tax	-	-	N.M	-	-	N.M
Loss after tax	(70)	(288)	-75.7%	(3,031)	(138)	2096.4%
Total comprehensive loss attributable to owners of the company, net of tax	(1,217)	(464)	162.3%	(6,993)	(889)	686.6%
Total comprehensive (loss)/ profit attributable to non-controlling interests, net of tax	-	-	N.M	-	-	N.M
Total comprehensive loss	(1,217)	(464)	162.3%	(6,993)	(889)	686.6%

FY2022 Condensed interim statements of financial position

	The Group		The Company	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
ASSETS				
Non-Current Assets				
Property and Equipment	-	2,418	-	-
Investment in Subsidiaries	-	-	-	125
Total Non-Current Assets	-	2,418	-	125
Current Assets				
Inventories	75	39	-	-
Trade and Other Receivables	45	32	1	1
Other Assets	252	205	-	-
Cash and Cash Equivalents	138	552	-	-
Total Current Assets	510	828	1	1
Total Assets	510	3,246	1	126
EQUITY AND LIABILITIES				
Equity				
Share Capital	24,464	24,464	162,132	162,132
Other Reserves	25,360	29,322	24,382	28,337
Accumulated Losses	(118,739)	(115,708)	(252,307)	(252,405)
Total Equity Attributable to Owners of the Parent	(68,915)	(61,922)	(65,793)	(61,936)
Non-Controlling Interest	(433)	(433)	-	-
Total Equity	(69,348)	(62,355)	(65,793)	(61,936)
Non-Current Liabilities				
Deferred Tax Liabilities	135	135	-	-
Lease liabilities	520	609	-	-
Total Non-Current Liabilities	655	744	-	-
Current Liabilities				
Provision for Taxation	281	430	-	42
Trade and Other Payables	68,665	64,211	65,794	62,020
Lease liabilities	257	216	-	-
Total Current Liabilities	69,203	64,857	65,794	62,062
Total Liabilities	69,858	65,601	65,794	62,062
Total Equity and Liabilities	510	3,246	1	126
Net current liabilities	-68,693	-64,029	-65,793	-62,061

The Board refers to the unaudited financial position and working capital of the Group as at 31 December 2022 and is of the opinion that the existing factors below may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

- (i) net current liabilities of RM68.7 million of the Group as at 31 December 2022;
- (ii) negative equity position of approximately RM68.9 million as at 31 December 2022;
- (iii) Issuance of redeemable convertible notes.

On 30 November 2019, the Company entered into a subscription agreement with Advance Opportunities Fund and Advance Opportunities Fund 1 (collectively be known as the “Subscribers”) for issuance of 1% equity-linked redeemable convertible notes due in 2022 with an aggregate principal amount of up to S\$50,000,000. The proceeds were to be utilised for the funding of the Group’s working capital and future expansions and investments.

The notes lapsed on 31 August 2022 and no further extension is foreseeable in view of the current voluntary delisting exercise undertaken by the Company.

(iv) Financial support from a substantial shareholder.

The Company has received the undertaking from a substantial shareholder, Posh Corridor Sdn Bhd who would, on a best endeavour basis, provide financial support to the Group as and when required until 31 December 2022 to enable the Group to continue as a going concern.

The undertaking has expired as at 31 December 2022 and no further extension is foreseeable.

(v) Trade resumption proposal and voluntary delisting.

On 5 October 2022, due to unforeseen circumstances beyond both parties’ control, the Sale and Purchase Agreement (“SPA”) dated 27 December 2021, which was expected to result in a reverse takeover (the “RTO”) of the Company and facilitate the trade resumption proposal to provide better value to the stakeholders, was mutually terminated. Both parties have executed the Deed of termination with no further liability to either party.

As mentioned in the announcement dated 18 July 2022, the SGX-ST will not grant any further extension if the RTO application is not submitted to the SGX RegCo by 31 January 2023. The Company is currently seeking a voluntary delisting with SGX-ST.

(vi) Proposed scheme of arrangement with creditors (“Proposed SOA”).

To address the remaining liabilities of the Company, a Proposed SOA was undertaken by the Company. During a creditors’ meeting held on 30 April 2020, the proposed SOA was approved by a majority in number representing at least 75% of the total value of the scheme creditors present and voting in person or by proxy at the meeting. The Court has on 26 June 2020 granted an order that the Proposed SOA be approved pursuant to sections 210 (3AA) and 210 (3AB) of the Companies Act (Cap. 50) (“Act”) (“Scheme Order”). Pursuant to the Scheme Order, the Scheme is binding on the Company and its creditors.

Following a creditors’ meeting held on 27 November 2020 and the Court order, the Scheme was amended with an extension of deadline to 30 June 2021 for the completion of the Scheme which includes amongst others, the issuance of the shares to the Scheme Creditors and the trading resumption of the Company’s shares (“Amended SOA”). The Amended SOA was binding on the Company and its creditors.

In accordance with the Amended SOA, the Company would obtain the approval of the shareholders of the Company and SGX-ST for the listing and quotation of the new shares to be issued by the Company to the Scheme Creditors. The Proposed SOA would address the various debt obligations owed by the Company of approximately S\$20.3 million to its creditors. The Amended SOA has lapsed on 30 June 2021.

Since the trade resumption proposal and issuance of new listed shares to the Scheme Creditors are not likely to materialize, it is doubtful that the Company is able to address its debt obligations immediately.

FY2022 Condensed interim consolidated statement of cash flows

	12 months ended 31 December	
	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/profit before tax	(3,031)	82
Adjustment for:		
Impairment in value of property and equipment	2,613	-
Depreciation of property and equipment	428	333
Interest expense on lease liabilities	60	64
	<hr/>	<hr/>
Operating profit before working capital changes	70	479
Inventories	(36)	(18)
Trade and other receivables	(13)	178
Other assets	(47)	(36)
Trade and other payables	542	(20)
	<hr/>	<hr/>
Net cash flows from operations	516	583
Tax Paid	(206)	(163)
	<hr/>	<hr/>
Net cash generated from operating activities	<hr/>	<hr/>
	310	420
Cash flows used in investing activity		
Additions of property and equipment	(431)	(660)
	<hr/>	<hr/>
Net cash used in investing activity	<hr/>	<hr/>
	(431)	(660)
Cash flows used in financing activities		
Principal payment of lease liabilities	(233)	(201)
Interest paid on lease liabilities	(60)	(64)
	<hr/>	<hr/>
Net cash flows used in financing activities	<hr/>	<hr/>
	(293)	(265)
Net decrease in cash and cash equivalents		
Foreign exchange differences	-	(1)
Cash and cash equivalents at the beginning of the financial year	552	1,058
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period	<hr/>	<hr/>
	138	552

The Company currently does not have cash in hand. As at 31 December 2022, the balance cash at bank of approximately RM138,000 in the Group belonged to its 2 remaining operating subsidiaries. Given that the subsidiaries' operations are still at recovery phase after a long period of pandemic lock-downs, cashflows remained tight and needed to be retained for their day-to-day operations as well as to repay the past debts owing to landlords and contractors which have been carried down during the pandemic period. As at 31 December 2022, the subsidiaries' outstanding debts to landlords and contractors amounted to approximately RM604,000. In view of the negative free-cashflow position, the subsidiaries do not have adequate financial resources to spare for the holding company's appointment of liquidator or new sponsor.