

# CHASWOOD RESOURCES HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200410894D)

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## PROPOSED ISSUANCE OF 1% EQUITY-LINKED REDEEMABLE CONVERTIBLE NOTES DUE 2021 IN AGGREGATE PRINCIPAL AMOUNT OF S\$50,000,000 (“PROPOSED NOTES ISSUE”)

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### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Chaswood Resources Holdings Ltd. (the “**Company**”) and together with its subsidiaries, (the “**Group**”), wishes to announce that the Company has on 26 June 2018 entered into a binding term sheet (the “**Term Sheet**”) with Advance Opportunities Fund group of funds (“**Subscriber**”) and Advance Capital Partners Asset Management Private Limited (“**ACPAM**”) pursuant to which the Company proposes to issue to the Subscriber 1.0% equity-linked redeemable convertible notes due 2021 (“**RCN**” or “**Notes**”) with an aggregate principal amount of up to S\$50,000,000 (“**Proposed Notes Issue**”).

Pursuant to the Term Sheet, the Company, the Subscriber and ACPAM (collectively, the “**Parties**” and each, a “**Party**”) have entered into negotiations on the terms and conditions of the Proposed Notes Issue, with the objective of finalising and entering into a definitive subscription agreement (“**Definitive Subscription Agreement**”) and other related documents in respect of the Proposed Notes Issue.

### 2. SALIENT TERMS OF THE PROPOSED NOTES ISSUE

Pursuant to the Term Sheet, the Parties envisage that the principal terms of the Proposed Notes Issue shall include the terms set out below:

#### 2.1 Issue Size

The Notes will be issued by the Company to the Subscriber in the following manner:

- (i) the first tranche will be S\$10 million comprising 40 equal sub-tranches of S\$250,000 each (“**Tranche 1**”);
- (ii) the second tranche will be S\$10 million comprising 40 equal sub-tranches of S\$250,000 each (“**Tranche 2**”);
- (iii) the third tranche will be S\$10 million comprising 20 equal sub-tranches of S\$500,000 each (“**Tranche 3**”); and
- (iv) the fourth tranche will be S\$20 million comprising 40 equal sub-tranches of S\$500,000 each (“**Tranche 4**”).

The Company shall have the sole discretion to call upon subsequent tranches of Notes at anytime from and including the completion of conversion of the preceding tranches to and including the tenth business day thereafter.

The Subscriber shall have the discretion to call upon subsequent multiple sub-tranches of the Notes notwithstanding that all the preceding sub-tranches Notes have not been fully converted.

## 2.2 Closing Dates and Tenure

The closing dates of the Proposed Notes Issue are as follows:

- (i) Tranche 1: The completion of the drawdown for first sub-tranche of Tranche 1 (Initial Closing Date)
- (ii) Tranche 2: The completion of the drawdown for first sub-tranche of Tranche 2 (Second Closing Date)
- (iii) Tranche 3: The completion of the drawdown for first sub-tranche of Tranche 3 (Third Closing Date)
- (iv) Tranche 4: The completion of the drawdown for first sub-tranche of Tranche 4 (Fourth Closing Date)

The tenure of the Notes is 36 months from the Initial Closing Date.

## 2.3 Method of Issue

The Notes will be privately placed to and purchased by the Subscriber. No offering circular or information memorandum will be issued by the Company for the Proposed Notes Issue.

## 2.4 Conversion Terms and Price

The Notes must be converted into shares (“**Conversion Shares**”). The Subscriber, however, has the discretion anytime from and including the respective Closing Dates of the tranches up to the close of business on the day falling one week prior to the final maturity date, to decide on the dates to convert the Notes.

The Conversion Price at the discretion of the Subscriber shall be 80% of the average of the closing prices per share on any three consecutive business days during the 45 business days immediately preceding the relevant conversion date of the Notes (the “**Conversion Price**”).

## 2.5 Redemption Option

The Company may redeem the Notes presented for conversion in cash at the Redemption Amount (defined below) if the Conversion Price is less than or equal to 65% of the daily average VWAP per share for the 45 consecutive business days period prior to, in respect of the relevant closing dates.

The Redemption Amount is calculated according to the following formula:

$$N \times \{P + [8\% \times P \times (D/365)] + I\}$$

Where,

“D” the amount of days elapsed since the closing date;

“N” the amount of Notes presented for conversion, and;

“P” the face value of the Notes presented for conversion.

“I” the remaining unpaid interest accrued on the Notes presented for conversion

## 2.6 Cancellation Fee

The Company shall be liable to a cancellation fee of S\$50,000 in the event that the Company decides not to proceed with the Proposed Notes Issue after the signing of this Term Sheet and/or obtaining Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and shareholders’ approval.

## 2.7 Rationale and Use of Proceeds

The Company is undertaking the Proposed Notes Issue to strengthen its financial and general working capital. Prior to entering into the Proposed Notes Issue, the Directors had considered other funding alternatives. However, in view of the Group's current financial performance and position, the Group have not been able to secure other meaningful source of funding.

## 3 DIRECTORS VIEW

The Board has explored various alternative sources of financing possibilities but was unable to obtain any alternative financing for the Group in view of its current financial position and performance. Thus, the Board is of the view that the Proposed Notes Issues is in the best interest of the Company and its Shareholders as it will ensure the ability of the Group to continue to operate as a going concern.

## 4 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Notes Issue, other than through their respective shareholdings in the Company. None of the Directors or controlling Shareholders of the Company or their respective associates have any connection (including business relationship) with the Subscriber and ACPAM.

## 5 FURTHER INFORMATION

Subject to the execution of the Definitive Subscription Agreement and the approval of the SGX-ST, the Company intends to seek shareholders' approval in relation to the Proposed Notes Issue and a circular to the Company's shareholders containing, inter alia, the notice of the extraordinary general meeting and details of the terms and conditions of the Proposed Notes Issue will be dispatched to the Company's shareholders in due course.

The Company will make further announcements upon the execution of the Definitive Subscription Agreement or when there are material developments in respect of the Proposed Notes Issue.

The Company will make further disclosures in a separate announcement and/or circular at a later date in compliance with the applicable requirements of the Listing Manual of the SGX-ST Section B: Rules of Catalyst ("**Catalist Rules**"), and, where applicable, the Singapore Code on Take-overs and Mergers. Furthermore, the Proposed Notes Issue and issuance and allotment of the Conversion Shares are subject to compliance with all rules, regulations and requirements imposed by the SGX-ST.

The Company has represented that it will, inter alia:

- (i) perform and comply with all rules, regulations and requirements imposed by the SGX-ST in order to maintain its listing on Catalyst;
- (ii) comply with all applicable requirements of the Law of Singapore (including but not limited to the Act and the Companies Act) and the Catalyst Rules in connection with the issue of the Notes, the Conversion Shares and generally, for the transactions contemplated under the Definitive Subscription Agreement; and
- (iii) comply with all applicable Law of Singapore and all rules and regulations which it is subject to including the rules and regulations of the SGX-ST.

Further details including, inter alia, dilution impact, financial effects, risk factors, restrictions and pre-emptive rights, minimum conversion price or floor price and the maximum number of

Conversion Shares which could be issued will be disclosed in due course via a separate announcement and/or a circular.

The Company undertakes that it will comply with relevant requirements of the Catalist Rules including but not limited, where applicable, to seek Shareholders' approval for, inter alia, the Proposed Notes Issue, issuance of Shares to controlling interest and transfer of controlling interest.

The Company and the Board confirm that they are not aware of any other material information (including but not limited to financial information) with respect to the Group which was not formally disclosed or announced.

## **6 TRADING CAUTION**

Shareholders are advised to exercise caution in trading their shares in the Company. The Proposed Notes Issue is subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Notes Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements as and when there are further developments.

Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt as to the actions they should take.

## **7 DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors 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 Notes Issue, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the 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 the announcement in its proper form and context.

The Board confirms that all material disclosures, facts and information (in connection with, inter alia, the Company, its subsidiaries, operations and business of the Group, the financial condition, prospects, assets and liabilities of the Group, litigation proceedings, legal actions, as well as matters stated in the previous announcements dated 20 November 2017, 15 February 2018, 20 February 2018, 30 April 2018, 14 June 2018, 18 June 2018, 20 June 2018 being, inter alia, the New Moratorium, the New Proposed Debt Restructuring, the Business Rationalisation and Fund Raising Options) 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 previous announcements or disclosure misleading.

By Order of the Board

**ANDREW ROACH REDDY**  
Managing Director  
26 June 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.*

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