

**CHASWOOD RESOURCES HOLDINGS LTD**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200401894D)

**THE PROPOSED DISPOSAL OF CERTAIN SUBSIDIARIES OF CHASWOOD RESOURCES SDN BHD**

**1. INTRODUCTION**

The board of directors (“**Directors**” or “**Board**”) of Chaswood Resources Holdings Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly owned subsidiary, Chaswood Resources Sdn Bhd (“**CRSB**”), has entered into a binding term sheet dated 22 November 2018 (the “**Term Sheet**”) with Sino Hua-An International Berhad (the “**Purchaser**”) for the sale of 100% equity interest of certain subsidiaries of CRSB (“**Sale Subsidiaries**”) which own the TGI Friday’s in Malaysia and Teh Tarik Place businesses (“**Target Business**”) to the Purchaser for a purchase consideration of RM8.0 million (“**Consideration**”) (the “**Proposed Disposal**”). The Proposed Disposal will be effected via the sale of 100% equity interest in Bistromalones (PJ) Sdn Bhd (the investment holding company who shall own the subsidiaries listed in section 2.1 below) to the Purchaser.

**2. INFORMATION RELATING TO THE PROPOSED DISPOSAL**

**2.1 Information on the Sale Subsidiaries and Target Business**

The Sale Subsidiaries are limited liability companies incorporated in Malaysia and details of the Sale Subsidiaries are as follows:

| <b>No.</b> | <b>Name of Subsidiaries</b>                               | <b>Shareholding</b> | <b>Principal Activities</b>                                      |
|------------|---|---------------------|--|
| 1.         | Bistromalones (PJ) Sdn Bhd (“ <b>BMPJ</b> ”) <sup>1</sup> | 100%                | Investment holding   |
| 2.         | Teh Tarik Place Sdn Bhd <sup>2</sup>                      | 100%                | Brand owner and operator of Teh Tarik Place                      |
| 3.         | Bistroamericana (TC) Sdn Bhd <sup>3</sup>                 | 100%                | Operator of TGI Friday’s at The Curve, Mutiara Damansara         |
| 4.         | Bistroamericana (PJ) Sdn Bhd <sup>3</sup>                 | 100%                | Operator of TGI Friday’s at Gurney Paragon Mall, Penang          |
| 5.         | Bistroamericana (BU) Sdn Bhd <sup>3</sup>                 | 100%                | Operator of TGI Friday’s at 1 Utama Shopping Centre, Selangor    |
| 6.         | Bistroamericana (QB) Sdn Bhd <sup>3</sup>                 | 100%                | Operator of TGI Friday’s at Queensbay Mall, Penang               |
| 7.         | Bistroamericana (A) Sdn Bhd <sup>3</sup>                  | 100%                | Operator of TGI Friday’s, Alamanda Shopping Centre, Putrajaya    |
| 8.         | Bistroamericana (Hartamas) Sdn Bhd <sup>3</sup>           | 100%                | Operator of TGI Friday’s, Hartamas Shopping Centre, Kuala Lumpur |
| 9.         | Bistroamericana (SP) Sdn Bhd <sup>3</sup>                 | 100%                | Operator of TGI Friday’s, Sunway Pyramid, Selangor               |
| 10.        | Bistroamericana (BB) Sdn Bhd <sup>3</sup>                 | 100%                | Operator of TGI Friday’s, Pavilion, Kuala Lumpur                 |
| 11.        | Bistroamericana (JB) Sdn Bhd <sup>3</sup>                 | 20%                 | Operator of TGI Friday’s, Wisma Jotic, Johor Bahru               |

Notes:

1. An internal restructuring will be undertaken by CRSB prior to the completion of the Proposed Disposal to dispose subsidiaries (2) to (11) above to BMPJ resulting in BMPJ being the direct holding company of these subsidiaries.
2. To be defined as “**TTP Subsidiary**”.
3. To be defined collectively as “**TGIF Subsidiaries**”.

The Sale Subsidiaries recorded a net loss after tax of approximately RM90.4 million and for the financial year ended 31 December 2017 (“**FY2017**”) and a net profit after tax of RM0.04 million for the 6 months financial period ended 30 June 2018 (“**HY2018**”). The net liability value of the Sale Subsidiaries as at 31 December 2017 and 30 June 2018 were approximately RM54.1 million.

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

The Proposed Disposal is part of an ongoing restructuring involving the Group's business. The Consideration was arrived at after an arms-length negotiation and on a willing seller and willing buyer basis taking into account, *inter alia*, the Sale Subsidiaries' loss after tax position of RM90.4 million for FY2017 and profit after tax position of RM0.04 million for HY2018, and the net liability value of the Sale Subsidiaries of approximately RM54.1 million as at 30 June 2018.

Based on the consolidated financial statements of the Group for HY2018 and the Consideration, the Group will recognise a loss of approximately RM18.4 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 public company incorporated in Malaysia and is listed on the Main Board of Bursa Malaysia since 26 March 2007. The Purchaser is an investment holding company while its main subsidiary is in the manufacturing and sales of metallurgical coke and other related by-products. The directors and substantial shareholders of the Purchaser, based on information available to the Company as at the date of this announcement are as follows:

| Directors   | Shareholding in the Purchaser                    |  |
|---|--|--|
|   | No. of shares beneficially held in the Purchaser | % of Issued share capital of the Purchaser |
| Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar <sup>1</sup> | 316,565,959                                      | 28.21%                                     |
| Liu Guodong   | 178,000,057                                      | 15.86%                                     |
| Y. Bhg. Dato' Mohd Shahr Bin Abdul Hamid                  | -  | -  |
| Lim See Tow   | -  | -  |
| Liu Xueqiang  | -  | -  |
| Zhai Baoxing  | -  | -  |

| Substantial shareholders                                  | Shareholding in the Purchaser                    |  |
|---|--|--|
|   | No. of shares beneficially held in the Purchaser | % of Issued share capital of the Purchaser |
| Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar <sup>1</sup> | 316,565,959                                      | 28.21%                                     |
| Rock Point Alliance Pte Ltd                               | 285,000,080                                      | 25.39%                                     |
| Liu Guodong   | 178,000,057                                      | 15.86%                                     |
| Rise Business Inc   | 102,000,038                                      | 9.09%                                      |

Note:

1. Includes indirect interest by virtue of (i) his shareholdings in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte.Ltd. and (ii) his siblings' and children's shareholding in the Purchaser.

The Purchaser, its directors and shareholders are not in any way related to the Group, the Directors or any of the substantial shareholders of the Company ("**Substantial Shareholders**").

## 3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

### 3.1 Proposed transaction

The Purchaser shall acquire 100% equity interest in BMPJ for a purchase consideration of RM8.0 million ("**Consideration**") in cash from CRSB which is payable on the date of completion of the Proposed Disposal. BMPJ shall own the TGIF Subsidiaries and TTP Subsidiary prior to the completion of the Proposed Disposal.

### 3.2 Key Assumptions

The Consideration takes into account the following assumptions:

- (i) No material adverse change in the prospects of the Target Business at completion.
- (ii) The Target Business has the benefit of all licenses and permits, and regulatory approvals necessary to operate the business.
- (iii) The Target Business' contracts, including related party agreements, are made on an arm's length basis and substantially the same terms and conditions would continue post-completion.
- (iv) At completion, the Target Business has maintained a normal level of working capital required to meet its operational requirement.
- (v) All information provided about the Target Business to date is materially accurate and reliable.

### 3.3 Conditions Precedent

Subject to the terms and conditions to be detailed in the relevant legal documentation for the Proposed Disposal, the principal conditions precedent of the Proposed Disposal would include but not be limited to as follows:

- satisfactory completion of legal, business, operational and financial due diligence by the Purchaser;
- the consolidated structure of BMPJ and the Target Business shall be in place prior to completion;
- approval by the board of directors and shareholders of the Purchaser, if applicable;
- satisfactory completion and execution of relevant legal transaction documentation, in form and substance mutually acceptable to the parties ("**Definitive Agreements**");
- receipt of undertaking letter from CRSB that the Purchase Consideration shall only be utilized for the settlement of the CRSB's and the Target Business' outstanding liabilities which are not in the normal course of business working capital cycle;
- obtaining all relevant consents, approvals, registrations and filings for the Proposed Disposal, including the internal approvals and approvals of the shareholders of the Company and CRSB, third parties, and all relevant regulatory, government bodies and Singapore Exchange Securities Trading Limited ("**SGX-ST**"), where applicable;
- employment contracts to be entered with the key senior management to be identified by Purchaser;
- all representations and warranties of CRSB set forth in the Definitive Agreements being true and correct; and
- other conditions precedent that are usual and customary for transactions of this type having been satisfied, which shall include, without limitation, no material adverse change having occurred since the date of execution of the Definitive Agreements.

### 3.4 Exclusivity Period

For a period of 120 days from the commencement of access with reasonable due diligence information in relation to the Proposed Disposal (subject to any mutually agreed extension thereof) (the "**Exclusivity Period**"), CRSB agrees that during such period, they will not directly or indirectly enter or propose to enter into or continue any discussion or negotiations in respect of

any transaction relating to an investment in the Target Business whether by way of sale, transfer, assignment or otherwise of the shares of the Target Business, with any person or entity other than the Purchaser.

#### 4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

The Proposed Disposal of the Target Business is part of an ongoing business restructuring plan to restore the financial position of the Company. The Proposed Disposal is also part of the proposed settlement plan for the proposed debt restructuring scheme with the financial institution lenders of the Group (“**Proposed Debt Restructuring**”). In the event the Proposed Disposal is completed prior to the proposed disposal of CRSB as announced on 15 September 2018 (“**Proposed CRSB Disposal**”), a supplemental share sale agreement will be required to be entered into for the variation of terms to the Proposed CRSB Disposal given that the Target Business is part of the sale subsidiaries under the Proposed CRSB Disposal.

The Board is of the view that the Proposed Disposal is in the best interest of the Company and the Shareholders as it will restore the financial position of the Company and provide better value to the Shareholder with the completion of the restructuring exercise.

The entire net proceeds amounting to RM8.0 million will be utilized to partially repay the outstanding loan owing by the Group to financial institution lenders pursuant to the Proposed Debt Restructuring and to repay trade and other creditors of the Group. The utilization proceeds is consistent with the undertaking letter to be provided by CRSB that the Consideration shall only be utilized for the settlement of CRSB’s and the Target Business’ outstanding liabilities which are not in the normal course of business working capital cycle.

The Proposed Disposal is in line with the proposed scheme of arrangement with the financial institution lenders of the Group (“**Scheme Lenders**”) which has been approved by the Scheme Creditors in a court convened meeting held on 9 November 2018 but is still subject to the Court’s approval as announced on 9 November 2018.

#### 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 <sup>(1)</sup> |
| (b)       | The net profits attributable to the assets disposed of compared with the Group’s net profit  | Not meaningful <sup>(2)</sup> |
| (c)       | Aggregate value of the consideration received, compared with the Group’s market capitalization   | 116.3% <sup>(3)</sup>         |
| (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 net asset value of the Target Business is approximately RM26.4 million as at 30 June 2018 and the net liabilities position of the Group is approximately RM65.2 million as at 30 June 2018. The ratio of the net asset value of the Target Business to the net liabilities position of the Group is approximately negative 40.5%.

- (2) Not meaningful as the Target Business recorded pre-tax profit for HY2018 of approximately RM0.1 million and the Group recorded pre-tax loss for HY2018 of approximately RM5.3 million. The ratio of the pre-tax profit of the Target Business to the pre-tax loss of the Group is approximately negative 2.8%.
- (3) Computed based on the Consideration of RM8.0 million (or approximately S\$2.6 million based on the exchange rate of S\$:RM3.05 as at 22 November 2018 being the market day preceding the signing of the Term Sheet) 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.

The relative figures computed under Rule 1006(a) and (b) involve negative figures, as such pursuant to Catalist Rule 1007(1), the Company will through the Sponsor, consult the SGX-ST on the application of Chapter 10 of the Catalist Rules ("**Chapter 10**") for the Proposed Disposal. In view the Proposed Disposal involves the 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 will be subject to the approval of the shareholders at an extraordinary general meeting in the event that the Proposed CRSB Disposal has not been completed.

## 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

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 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.

### 6.1 Net Tangible Assets ("NTA") per Share

Assuming the Proposed Disposal had 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 |
|-------------------------|------------------------------|-----------------------------|
| NTA (RM'000)            | (62,363)                     | (80,771)                    |
| Number of Shares ('000) | 250,605                      | 250,605                     |
| NTA per Share (RM sen)  | (24.9)                       | (32.2)                      |

### 6.2 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 |
|---|------------------------------|-----------------------------|
| Loss after tax attributable to equity holders of the Company (RM'000) | (68,750)                     | (87,158) <sup>(1)</sup>     |
| Number of Shares  | 250,605                      | 250,605                     |
| Loss per Share (RM sen)   | (27.4)                       | (34.8)                      |

**Note:**

(1) Taking into account the potential loss from the Proposed Disposal of approximately RM18.4 million.

### 6.3 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:

|                           | <b>Before the Proposed Disposal</b> | <b>After the Proposed Disposal</b> |
|---------------------------|-------------------------------------|------------------------------------|
| Total Borrowings (RM'000) | 32,044 <sup>(1)</sup>               | 27,044 <sup>(2)</sup>              |
| Net asset value (RM'000)  | (62,081)                            | (80,489) <sup>(3)</sup>            |
| Gearing (times)           | (0.5)                               | (0.3)                              |

**Notes:**

- (1) Consist of total borrowings attributable to the Group including the redeemable exchangeable bonds.  
(2) Taking into account the expected partial repayment of RM5.0 million from the Consideration to financial institutional lenders of the Group.  
(3) Taking into account the potential loss from the Proposed Disposal of approximately RM18.4 million.

## **7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Other than 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. To the best knowledge of the Directors, the Directors confirm that the Proposed Disposal is not an interested person transaction.

## **8. 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.

## **9. DOCUMENTS FOR INSPECTION**

A copy of the Term Sheet is available for inspection by the 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.

## **10. 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, 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.

## **11. CAUTIONARY STATEMENT**

Shareholders of the Company should note that there is no certainty or assurance that the Definitive Agreements in respect of the Proposed Disposal will be entered into, or that the Proposed Disposal will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully.

By Order of the Board

ANDREW ROACH REDDY  
Managing Director  
22 November 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.*

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