

**CHASWOOD RESOURCES HOLDINGS LTD.**  
(Company Registration No. 200401894D)  
(Incorporated in the Republic of Singapore)

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**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON:**

- A. DEVELOPMENT AGREEMENT ENTERED WITH STARPULSE SDN BHD**
  - B. VARIATION TO THE DEVELOPMENT AGREEMENT ENTERED WITH MONZ INVESTMENTS LTD**
- AS ANNOUNCED ON 1 JUNE 2021**
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*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Company’s announcement dated 1 June 2021 (“**Previous Announcement**”).*

The Board of Directors (the “**Board**”) of Chaswood Resources Holdings Ltd. (the “**Company**”) refers to the queries raised by SGX-ST on 2 June 2021 in respect of the Previous Announcement. The Board sets out its responses to SGX-ST as enclosed in Appendix A.

By Order of the Board

ANDREW ROACH REDDY  
Managing Director  
4 June 2021

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*This announcement has been reviewed by the Company’s Sponsor, Asian Corporate Advisors Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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. Liau H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271*

## Appendix A

### Response by the Company to SGX-ST queries raised on 2 June 2021

We refer to the announcement by Chaswood Resources Holdings Ltd. (the “**Company**”) on 1 June 2021, in relation to:

- (i) the development agreement signed with Starpulse Sdn Bhd (“**Starpulse**” or “**Developer**”) which grants the Developer the exclusive rights to develop and operate Italiannies restaurants in Shanghai; and
- (ii) variation made to the development agreement entered with Monz Investments Ltd.

We have the following queries on the announcement:

- (1) What is the background, experience and track record of Starpulse? Does Starpulse have prior experience in establishing and operating restaurants? Is Starpulse familiar with the F&B market in Shanghai? Please provide details.

As announced on 1 June 2021, Starpulse as a company itself is an investment holding and involved in the online media business. The main driver of Starpulse is Mr. Chin How Nyian (“Mr. Chin”), a 50% shareholder and director who has more than 20 years’ experience in China (mainly in Shanghai) particularly in the technology, media and telecommunication industry. He is currently an angel investor in various investments in China and Taiwan. In recognition of his contribution to Shanghai’s development, he was given the “Shanghai Outstanding Foreigner, Magnolia Silver Award 2012” by the Shanghai Municipal Government.

Neither Starpulse nor Mr. Chin has prior experience in establishing and operating restaurants. However, based on Mr. Chin’s years of experience/presence in Shanghai and his business network, he is relatively familiar with the F&B market in Shanghai. With his strong entrepreneur and investor background, he is interested to venture into the F&B industry. One of his ideas is to tap on the digital platform and his technology expertise to drive the business such as using the app to order and pay online which is the current trend.

- (2) What due diligence did the Board perform on Starpulse and what did the Board consider in entering into the development agreement with Starpulse?

The due diligence performed on Starpulse included conducting a company search on Starpulse, conducting a background check on Mr. Chin and verifying his credentials with business associates. The Company also conducted interviews with Mr. Chin to obtain an assurance of his commitment in developing the brand in Shanghai, reviewing its business and development proposals including the return on investment, capital requirement and understanding his vision for the business.

In considering to enter into the development agreement with Starpulse, the Company believes that Starpulse/Mr. Chin has the financial capability and network based on Starpulse/Mr. Chin’s credentials and experience to expand the Italiannies in Shanghai. In addition, the awarding of the development rights will assist the Group in expanding its existing business reach internationally at a faster pace.

- (3) Would the development schedule and plan set out in the development agreement be affected by the current Covid-19 pandemic? Pls provide bases for the Board’s view and assessment.

Based on the current status, the Board believes that the development schedule is still as planned despite the current Covid-19 pandemic given that the Developer has expressed his confidence on the expansion of the brand in Shanghai based on his experience and his assessment of China’s economy and retail market. China’s economy and retail market have seen a much faster recovery as compared to other parts of the world during the Covid-19 pandemic. China was the first country to resume life in this new normal, after being effective in controlling and limiting the spread of the virus, allowing restaurants to reopen in second quarter of 2020. Casual dining restaurants in Shanghai also sees better development with the growing number of middle class which targets particularly young people and families. International brands have established their

brand awareness among bigger cities in China, including Shanghai. With rising concerns regarding health and hygiene, more consumers will trade up to chained and branded restaurant and are more willing to believe that chained restaurants can deliver higher quality and safer offerings. In addition, China is ahead of using digital and technology in F&B business, more so during the Covid-19 pandemic, and thus, the Developer's experience would be relevant to drive the business moving forward.

- (4) It is stated that "the development schedule commences from the date of the first site consent issued by BITC..."  
When is the development agreement / schedule with Starpulse expected to commence? What does the first site consent encompass?

The development schedule will commence once the first site consent has been issued by BITC. However, the development schedule shall be fulfilled within the initial term, i.e. 10 years from the date of the first site consent issued by BITC up to the earlier of (i) the opening date of the last restaurant to be opened pursuant to the development schedule, or (ii) 31 May 2031, unless sooner terminated as provided in the development agreement. The expected date for the first site consent to be issued by BITC shall be towards end of third quarter of 2021, if a site has been proposed by Starpulse.

The first site consent refers to a written communication by BITC to the Developer notifying that the Developer's proposed location for the operation of a Italiannies restaurant has been approved.

- (5) When does the Company expect the Developer to open the restaurants and when would the Franchise Agreement be entered into?

Based on the time frame required for the Developer to conduct site survey and selection, restaurant design and construction, we expect the first restaurant to open at the end of December 2021.

The Franchise Agreement will be entered before the signing of the tenancy agreement of the proposed location.

- (6) When does the Company expect to generate recurring revenue from the development agreement and franchise agreement?

Recurring revenue will be generated once the restaurant starts operation where BITC will be receiving royalty and revenue from the sale of proprietary items to the Developer, which is expected to be from December 2021.

- (7) The Company disclosed that "in view of the current pandemic, Monz is facing some shortage of resources to meet the timeline". Please provide details on progress made by Monz with regards to its obligations under the Monz development agreement and supplemental agreement. What is the Company's recourse if Monz is unable to fulfil its obligations?

In view of the shortage of resources faced by Monz, there had been not much progress made by Monz which led to the variation to the development agreement. In order for the Company to pressure Monz to meet the new deadline, the Company has thus agreed to extend certain non-financial assistance as described in question 8.

If Monz is unable to fulfill its obligations and no variations to the development have been agreed by both parties, the development agreement may be terminated by BITC and Monz shall no longer have the exclusive rights to develop Italiannies restaurants within the agreed territory. The concept fee which has been paid under the development agreement shall also be non-refundable.

- (8) It is disclosed that the Monz development agreement will be extended by a further 1 year to enable Monz to meet the new deadline, and "BITC will extend certain non-financial assistance to Monz for the opening of the first restaurant".

- Please elaborate what are such non-financial assistance to be provided to Monz.

The non-financial assistance to be provided to Monz may include, amongst others, (i) working together with Monz to identify potential sites, (ii) assisting to conduct site analysis, (iii) reviewing restaurant design and layout, and (iv) providing input on operational matters.

- (9) We also refer to the announcement made by the Company on 7 March 2021, in relation to the entry of development agreements with Be Urban Group Sdn Bhd, EMS Discoveria Sdn Bhd, Tremendous Experience Sdn Bhd, Debut Supreme Capital Sdn Bhd and Monz Investments Ltd.
- Please provide progress of each of the 5 development agreements, and revenue earned from each agreement so far.

The progress of each of the development agreements is as follows:

<b>Developer</b>	<b>Progress</b>
Be Urban Group Sdn Bhd	The developer has identified a few sites in Klang Valley and in the midst of engaging with the respective landlord. However, no commitment has been made with the landlords in view of the current covid-19 situation including the current movement control order enforced in Malaysia.
EMS Discoveria Sdn Bhd	The developer has identified a site in Penang and in the midst of finalizing the details with the landlord, including awaiting for the status of completion of the site.
Tremendous Experience Sdn Bhd	The developer has identified a site in Johor and in the midst of finalizing the details with the landlord and re-assessing the feasibility of the site in view of the closure of Johor-Singapore border.
Debut Supreme Capital Sdn Bhd	The developer has identified a few sites in Beijing but in view of the travel restriction, the developer is unable to conduct a physical site visit and make the necessary commitments for the opening of an outlet.
Monz Investments Ltd	Please refer to question 7 above.

There was no revenue earned from the agreements so far, except for the development fee received from the respective developers, as the restaurants have not commenced operations. As mentioned above, revenue will be earned once the restaurant starts operation where BITC will be receiving royalty and revenue from the sale of proprietary items to the Developer.

- These agreements were entered into between Dec 2019 to Dec 2020. Why were there no announcements when they were entered into in 2019 and 2020, and only announced in March 2021?

The execution of the agreements was deemed as in the ordinary course of business as it relates and forms part of the Group's existing business under the Italiannies brand and the development fee income is incidental to the Company's business operations as it relates to the franchising of its restaurant brand. This was also part of the Group's plan to expand the existing business in Malaysia and internationally at a faster pace via a franchise business model, which has been used for the Group's previous business and brand. In view of the development fees becoming significantly material, hence the announcement was made. The Board noted that the announcement was late and will endeavour to announce on a timely basis in the future.