

CHASWOOD RESOURCES HOLDINGS LTD.

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

PROPOSED DEBT CONVERSION

1. INTRODUCTION

1.1 The Board of Directors ("**Board**", each member a "**Director**") of Chaswood Resources Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**"), wishes to announce that it had on 3 September 2018 entered into debt conversion agreements ("**Debt Conversion Agreements**") with certain former independent directors of the Company, being Mr Christopher John McAuliffe, Prof. Ling Chung Yee, Roy ("Prof. Roy") and Datuk Tee Guan Pian (collectively, the "**Former Directors**") for the proposed conversion of directors' fees in aggregate of S\$100,000 partially owed by the Company to the Former Directors into 11,111,110 new ordinary shares in the capital of the Company ("**Debt Conversion Shares**") at a fixed conversion price of S\$0.009 (the "**Conversion Price**") per Debt Conversion Share.

2. DEBT CONVERSION SHARES

2.1 The breakdown of the total outstanding directors' fees (which were approved by the shareholders of the Company pursuant to the annual general meetings held on 20 July 2018, 28 April 2017, 27 April 2016 and 29 April 2015), conversion amount and number of Debt Conversion Shares for each of the Former Directors is presented below.

Former Directors	Total Past Directors' Fees (S\$)	Conversion Amount (S\$)	Number of Debt Conversion Shares	Number of Debt Conversion Shares as a percentage of existing issued share capital ⁽¹⁾ ₍₃₎	Number of Debt Conversion Shares as a percentage of enlarged issued share capital ⁽²⁾ ₍₃₎
Mr Christopher John McAuliffe	117,938 (for period October 2015 to June 2018)	47,957	5,328,555	2.13%	2.04%
Datuk Tee Guan Pian	104,237 (for period July 2015 to September 2017)	42,386	4,709,555	1.88%	1.80%
Prof. Ling Chung Yee, Roy	23,750 (for period January 2018 to June 2018)	9,657	1,073,000	0.43%	0.41%
Total	245,925	100,000	11,111,110	4.43%	4.25%

Notes:

(1) Based on the Company's existing issued share capital ("**Existing Issued Share Capital**") comprising 250,605,231 ordinary shares ("**Shares**").

(2) Based on the Company's enlarged issued share capital comprising 261,716,341 Shares ("**Enlarged Issued Share Capital**") after taking into account the Existing Issued Share Capital of 250,605,231 Shares and the Debt Conversion Shares.

(3) All discrepancies in the figures included herein between the listed and total amounts thereof are due to rounding. Accordingly, figures shown as totals in this announcement may not be an arithmetic aggregation of the figures that precede them.

The remaining of the amount owing by the Company to the Former Directors after the issuance of the Debt Conversion Shares pursuant to the Debt Conversion Agreements shall remain due to the Former Directors.

- 2.2 The Debt Conversion Shares will, when allotted and issued pursuant to the Proposed Debt Conversion, shall be issued free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank pari passu in all respects with and shall carry all rights similar to the existing Shares as at the date of allotment and issue of the Debt Conversion Shares except that the Debt Conversion Shares will not be entitled to any dividends, rights, allotments or other distributions, the record date which falls on or before the date of the issued of such Debt Conversion Shares.
- 2.3 The Conversion Price of S\$0.009 for each Debt Conversion Share is equal to the volume weighted average price for trades done in respect of the existing Shares on 28 February 2018, being the last trading day of the Shares prior to the suspension of the trading in the Shares on 18 June 2018. The Conversion Price was agreed between the parties on a willing-buyer and willing-seller basis taking into consideration the last traded price of the Shares prior to the suspension and volatility in the market.
- 2.4 Each of the Former Directors has confirmed to the Company that he is not a person to whom the Company is prohibited from issuing Shares to as provided for by Rule 812 of the Listing Manual Section B: Rules of Catalist. As at the date of this announcement, none of the Former Directors hold any Share in the Company.

Prof. Roy has further confirmed that he has been appointed since 19 September 2017 as director of TAP Private Equity Pte. Ltd. and TAP Venture Fund I Pte. Ltd., which are deemed to be related corporations of TAP Private Equity Inc. (which is a substantial shareholder of the Company) and TAP Venture Fund I Pte. Ltd. being the investor for the Redeemable Exchangeable Bonds issued by Chaswood Capital Pte. Ltd., a wholly owned subsidiary of the Company, on 25 April 2014, 5 December 2014 and 27 January 2015. Notwithstanding the directorship held in these companies, he is free of any material business and financial connection with the Company in view that the said directorships are non-executive positions and he has no beneficial ownership in any of the companies.

To the best knowledge of the Board, save as disclosed herein, the Former Directors do not have any material connections (including business relationship) with the Company or any of its Directors or substantial Shareholders.

3. RATIONALE FOR THE PROPOSED DEBT CONVERSION

The rationale of the Proposed Debt Conversion is to reduce the debt burden of the Group, eliminate the need for any cash repayment or payment in view of the current financial and cash position of the Group, and alleviate some pressures faced by the Group on its cash flow.

4. CONDITIONS PRECEDENT

The Proposed Debt Conversion is subject to, *inter alia*, the following:-

- (a) the listing and quotation notice being obtained from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Debt Conversion Shares on the Catalist Board (“**Listing Approval**”) and not having been revoked or amended and, where such Listing Approval is subject to conditions, to the extent that any conditions for the listing of and quotation for the Debt Conversion Shares on the Catalist Board are required to be fulfilled on or before completion date, they are so fulfilled;
- (b) the allotment and issue of the Debt Conversion Shares to each of the Former Directors not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Former Directors;

- (c) the exemption under Section 272B(1) of the Securities and Futures Act (Cap. 289) of Singapore being applicable to the issuance of the Debt Conversion Shares under the Debt Conversion Agreements; and
- (d) the representations and warranties of the Company and the Former Directors being true, accurate and correct in all material aspects as if made on the completion date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations under the Debt Conversion Agreements which are required to be performed on or before the completion date.

5. **AUTHORITY FOR THE ISSUE OF SHARES**

The Debt Conversion Shares are intended to be issued pursuant to the authority given to the Directors under the general mandate obtained at the annual general meeting of the Company held on 20 July 2018 (the “**Share Issue Mandate**”).

Pursuant to the Share Issue Mandate, the Directors are authorised and empowered to, *inter alia*, issue Shares in the Company not exceeding 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of passing of the Share Issue Mandate, of which the aggregate number of Shares to be issued other than on a pro-rata basis to all existing shareholders shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company. Pursuant to such thresholds, as the Company’s total and issued Share capital as at the date of the Share Issue Mandate was 250,605,231 Shares, the Company is authorised to issue up to 125,302,615 Shares other than on a pro-rata basis.

As of the date of this announcement, the Company has not issued any Shares under the Share Issue Mandate. The proposed issue and allotment of the Debt Conversion Shares to the Former Directors will be done within the limits of the Share Issue Mandate.

6. **FINANCIAL EFFECTS OF THE PROPOSED DEBT CONVERSION**

6.1 **Effects of the Proposed Debt Conversion on the Company’s Existing Issued Share Capital**

As at the date of this announcement, the issued and paid-up Share Capital of the Company is approximately RM162,131,973 comprising 250,605,231 Shares. Upon completion of the Proposed Debt Conversion, the Company’s issued Share capital will increase by approximately 0.2% to approximately RM162,431,293 (based on RM:S\$ exchange rate conversion of 2.9932) comprising 261,716,341 Shares.

6.2 **Effects of the Proposed Debt Conversion on consolidated loss per Share (“LPS”)**

For illustrative purposes only, the following is an analysis of the effects of the Proposed Debt Conversion on the LPS before and after adjustment to reflect the issuance of Debt Conversion Shares based on the Group’s audited consolidated of comprehensive income for the financial year ended 31 December 2017 (“**FY2017**”).

For the purpose of calculating the LPS per Share after the Proposed Debt Conversion, it is assumed that the Proposed Debt Conversion was completed on 1 January 2017.

	Before the Proposed Debt Conversion	After the Proposed Debt Conversion ^{(1) (2)}
FY2017 Net Loss after tax attributable to Shareholders (RM'000)	(68,750)	(68,750)
Weighted Average number of Shares	250,605,231	261,716,341

LPS (in RM cents)	(27.4)	(26.3)
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Notes:

- (1) Assuming the Proposed Debt Conversion was completed at the beginning of FY2017.
(2) No dilutive effects are assumed from the exchangeable bonds outstanding as at FY2017, as these bonds are anti-dilutive as their conversion to ordinary shares would decrease the loss per share.

6.3 Effects of the Proposed Debt Conversion on the net tangible asset (“NTA”) per Share

For illustrative purposes only, the following is an analysis of the effects of the Proposed Debt Conversion on the NTA per Share before and after adjustment to reflect the issuance of the Debt Conversion Shares based on the Group’s audited consolidated balance sheet as at 31 December 2017.

For the purpose of calculating the NTA per Share after the Proposed Debt Conversion, it is assumed that the Proposed Debt Conversion was completed on 31 December 2017.

	Before the Proposed Debt Conversion	After the Proposed Debt Conversion ⁽¹⁾
NTA of the Group (RM’000) ⁽²⁾	(62,159)	(61,860)
Number of Shares	250,605,231	261,716,341
NTA per Share (in RM cents)	(24.8)	(23.6)

Notes:

- (1) Assuming the Proposed Debt Conversion was completed at the end of FY2017 and no cash will be received for the issuance of Debt Conversion Shares.
(2) NTA for the Group is defined as total equity of the Group less intangible assets as at 31 December 2017.

7. INTEREST OF THE DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders of the Company has any interest (other than their respective shareholdings in the Company), direct or indirect, in the Proposed Debt Conversion set out in this announcement.

8. ADDITIONAL LISTING APPLICATION

An application for the listing and quotation for the Debt Conversion Shares will be made to the SGX-ST through the sponsor of the Company. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Debt Conversion Shares on the Catalist Board.

9. 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 Debt Conversion, 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 contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this announcement in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Debt Conversion Agreements will be made available for inspection during normal business hours at the Company's registered office at 80 Robinson Road #02-00, Singapore 068898 for a period of three (3) months from the date of this announcement.

By Order of the Board

Ng Teck Wah
Non-Executive Chairman
3 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.

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