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

INDEPENDENT AUDITOR'S REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors ("**Board**") of Chaswood Resources Holdings Ltd ("**Company**") together with its subsidiaries ("**Group**") wishes to announce that the Company's Independent Auditors, Moore Stephens LLP ("**Independent Auditors**"), has issued its report ("**Independent Auditor's Report**") on the audit of the financial statements of the Group for the financial year ended 31 December 2021 ("**Financial Statements**"), and included an unqualified audit opinion with emphasis of matter on the "Material Uncertainty Related to Going Concern" in the Independent Auditor's Report.

The Independent Auditors' opinion is not modified in respect of the emphasis of matter on the "Material Uncertainty Related to Going Concern".

Please refer to the copy of the Independent Auditor's Report and extracts of the relevant notes to the Financial Statement attached herein.

Shareholders of the Company are advised to read the Independent Auditor's Report and the Financial Statements, which can be found in the Company's Annual Report for FY2021 that will be made available on the SGX-ST's and the Company's corporate websites in due course.

DIRECTORS' OPINION AND BASIS

Material uncertainty related to going concern

The business performance of the Group has been adversely affected in the last few years due to *inter-alia* sales decline and operational losses resulting in the Group undertaking a restructuring exercise to restore the financial position of the Group. The Group's main focus in the past years has been to complete the ongoing restructuring exercise with the aim to submit a resumption plan to SGX-ST for the trading of the Company's shares to resume since the suspension on 18 June 2018, which will be for the interest of all stakeholders of the Group. The remaining milestones of the restructuring exercise, details of which have been announced by the Company, are as follows:

(i) Proposed scheme of arrangement with scheme creditors ("SOA")

To address the remaining liabilities of the Company, a SOA with its creditors was undertaken. During a creditors' meeting held on 30 April 2020, the 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. On 26 June 2020, the Court granted an order that the SOA be approved and the Scheme was thus binding on the Company and its creditors. The SOA was thereafter amended to extend the dateline to 30 June 2021 for the completion of the SOA ("**Amended SOA**"). The Amended SOA obtained the requisite approval from the scheme creditors on 27 November 2020 and the Court provided its approval on 7 December 2020. The proposed amendments to the Scheme includes amongst others, the issuance of the shares to the Scheme Creditors and the trading resumption of the Company's shares.

With the lapse of the Amended SOA on 30 June 2021, the Company will seek the necessary extension of time from the Scheme Creditors for the completion of the Amended SOA after obtaining SGX-ST's approval for the waiver and extension of time for the submission of a trading resumption proposal pursuant to Rule 1304(1) of the Catalist Rules. Given that the extension to be granted by SGX-ST is critical to the Amended SOA, the Company is of the opinion that the decision by SGX-ST will be a consideration for the Scheme Creditors' decision

in agreeing to the extension of time for the completion of the Amended SOA. Thus, the Company will seek for the necessary extension of time from the Scheme Creditors upon the receipt of SGX-ST's approval. The Company will be obtaining 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 SOA will address various debt obligations owed by the Company of approximately S$20.30 million whereby approximately S$3.65 million of the liability will be converted into share capital of the Company while the remaining liability of approximately S$16.65 million will be waived.

(ii) Proposed issuance of redeemable convertible note ("RCN")

The Company had entered into a subscription agreement on 30 November 2019 with Advance Opportunities Fund ("**AOF**") and Advance Opportunities Fund I ("**AOF I**") (AOF and AOF I shall collectively be known as the "**Subscribers**") pursuant to which the Company proposes to issue to the Subscribers 1.0% equity-linked RCN due 2022 with an aggregate principal amount of up to S$50.0 million. The proceeds will be utilized for the funding of the Group's working capital and future expansions and investments. The issuance of the RCN is subject to fulfilment of certain conditions precedent which includes *inter-alia* the share trading resumption. On 1 September 2021, the Company and the Subscribers have entered into a supplemental agreement for the last date to satisfy the conditions precedent to be extended to 28 February 2022 or such other date as the Parties may agree in writing. On 1 March 2022, the Company and the Subscribers have entered into a supplemental agreement to satisfy the conditions precedent to be extended to 31 August 2022 or such other date as the Parties may agree in writing.

(iii) Trading resumption proposal

The Company is currently contemplating on the viability of various acquisition targets including transactions that may result in a Reverse-Takeover (RTO) exercise. On 27 December 2021, the Company entered into a Sale and Purchase Agreement ("SPA") with a few vendors. The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover (the "RTO") of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and is subject to, inter alia, the approval of shareholders of the Company (the "Shareholders") at an extraordinary general meeting (the "EGM") to be convened and the approval of the SGX-ST.

As the Proposed Transactions are not completed yet and still subject to fulfilment of conditions precedent laid out in the SPA, the financial effects of the above transaction have not been included in FY2021.

Further announcements will be made by the Company and the Board via SGXNET as and when there are material developments on the aforesaid matters in compliance with the Catalist Rules of the SGX-ST.

While working towards the completion of the restructuring exercise, the Group has also continued to drive the remaining business and undertook cost cutting measures to improve the Group's performance.

The Company has received the undertaking from a substantial shareholder, Posh Corridor who would, on a best endeavour basis, provide financial support to the Group as and when required for the next 12 months from the financial year ended 31 December 2021, to enable the Group to continue as a going concern.

The Board is of the opinion that, barring unforeseen circumstances, and subject to the successful outcome of *inter-alia* the above-mentioned restructuring exercise, financial support from the substantial shareholder and market conditions, the Group will be able to continue as a going concern with sufficiency of working capital for its requirements for the next 12 months upon the completion

of the restructuring exercise. In addition, the Board expects the cashflow position of the Group will be further strengthened with the opening of a new Italiannies outlet at Central I-City Shopping Centre, Shah Alam, Malaysia in February 2022.

Further announcements will be made by the Company and the Board via SGXNET as and when there are material developments on the above matters, in compliance with the Catalist Rules of the SGX-ST.

The Board confirms that to their best knowledge, all material disclosures, facts and information (including but not limited to disclosures pertaining to operations and business of the Group, the going concern and the restructuring exercise) 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.

BY ORDER OF THE BOARD

ANDREW ROACH REDDY
Managing Director
6 April 2022

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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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

CHASWOOD RESOURCES HOLDINGS LTD
(No: 200401894D)

(Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chaswood Resources Holdings Ltd. (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021 and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standard on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw your attention to Note 3(a) to the financial statements: as of 31 December 2021, the Group and Company have net liabilities of RM62,355,000 (2020: RM61,466,000) and RM61,936,000 (2020: RM61,094,000) respectively. Furthermore, the Group and Company have net current liabilities of RM64,029,000 (2020: RM62,636,000) and RM62,061,000 (2020: RM61,094,000) respectively.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The ability of the Group and the Company to continue as a going concern is dependent on the successful outcome of the matters set out in Note 3(a) to the financial statements together with the future profitability of the operations of the Group.

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Material Uncertainty Related to Going Concern (cont'd)

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently stated in the consolidated statement of financial position of the Group and the statement of financial position of the Company. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the key audit matter**
Valuation of property and equipment We refer to Note 3(j), Note 4 and Note 12 to the consolidated financial statements. The Group has property and equipment of RM2,418,000 as at 31 December 2021. Management reviews for any indicators of impairment on its property and equipment at year end. An impairment exists when the carrying amount of the property and equipment is higher than its recoverable amount, which is the higher of fair value less costs to sell and value in use. This is a key audit matter as the assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amount, requires significant management judgement.	Our audit response: We have performed the following key audit procedures: ▪ Reviewed management's assessment by considering current internal and external sources of information for any indication that the property and equipment may be impaired; ▪ Assessed the reasonableness of key assumptions used in the cash flow projections. We also evaluated the reasonableness of growth rates and discount rate by comparing these against historical performance and externally derived data; and ▪ Performed sensitivity analysis on the related key assumptions used in management's computation. Our audit findings: We found management's assessment of the valuation of property and equipment to be reasonable and the disclosures to be appropriate.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Christopher Bruce Johnson.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2022

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards International ("SFRS(I)"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Going concern

Notwithstanding that the Group has made a loss after tax of RM138,000 (2020: profit after tax of RM249,000) for the financial year ended 31 December 2021, as at that date the Group and Company have net liabilities of RM62,355,000 (2020: RM61,466,000) and RM61,936,000 (2020: RM61,094,000) respectively. Furthermore, the Group and Company have net current liabilities of RM64,029,000 (2020: RM62,636,000) and RM62,061,000 (2020: RM61,094,000) respectively.

These factors indicate the existence of material uncertainties which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The Group is currently undergoing a restructuring exercise which involves the following:

i) 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 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. On 1 September 2021, the Company and the Subscribers have entered into a supplemental agreement for the last date to satisfy the conditions precedent to be extended to 28 February 2022 or such other date as the Parties may agree in writing. On 1 March 2022, the Company and the Subscribers have entered into a supplemental agreement to satisfy the conditions precedent to be extended to 31 August 2022 or such other date as the Parties may agree in writing. The proceeds will be utilised for the funding of the Group's working capital and future expansions and investments.

3. Summary of Significant Accounting Policies (cont'd)

(a) Basis of Presentation (cont'd)

Going concern (cont'd)

ii) 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 1967 ("Act") ("Scheme Order"). Pursuant to the Scheme Order, the Scheme is binding on the Company and its creditors.

During a creditors' meeting held on 27 November 2020, amendments to the Proposed SOA ("Amended Scheme") obtained the requisite approval from the scheme creditors and on 7 December 2020, the Court granted an order that the Amended Scheme be approved ("New Order"). The Amended Scheme relates to the 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. Pursuant to the New Order, the Amended Scheme is binding on the Company and its creditors.

Further and in accordance with the Amended SOA, the Company will be obtaining 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$20,300,000 (equivalent to RM62,020,000) to its creditors.

The Amended SOA has lapsed on 30 June 2021 and the Company will seek the necessary extension of time from the Scheme Creditors for the completion of the Amended SOA after obtaining SGX-ST's approval for the waiver and extension of time for the submission of a trading resumption proposal pursuant to Rule 1304(1) of the Catalist Rules. Given that the extension to be granted by SGX-ST is critical to the Amended SOA, the Company is of the opinion that the decision by SGX-ST will be a consideration for the Scheme Creditors' decision in agreeing to the extension of time for the completion of the Amended SOA. Thus, the Company will seek for the necessary extension of time from the Scheme Creditors upon the receipt of SGX-ST's approval.

However, in the event that no extension of time for the deadline to complete the Amended SOA is obtained, the Amended SOA shall be deemed terminated and shall cease to be binding on the Scheme Creditors and each Scheme Creditor shall be entitled to exercise any and all of its rights, powers and remedies against the Company.

3. Summary of Significant Accounting Policies (cont'd)

(a) Basis of Presentation (cont'd)

Going concern (cont'd)

ii) Proposed scheme of arrangement with creditors ("Proposed SOA") (cont'd)

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently stated in the consolidated statement of financial position of the Group and the statement of financial position of the Company. No such adjustments have been made to these financial statements.

Notwithstanding the above, the Group is expected to continue in operation and generate sufficient cash flows from the existing operations to meet the working capital needs for the foreseeable future, a period of not less than twelve months from the date of the financial statements. In addition, the cashflow position of the Group will also be further strengthened with the Group's expansion plan from the opening of new outlets and new franchise business.

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 for the next 12 months from the financial year ended 31 December 2021, to enable the Group to continue as a going concern.

iii) Trading resumption proposal

The Company is currently contemplating on the viability of various acquisition targets including transactions that may result in a Reverse-Takeover (RTO) exercise. On 27 December 2021, the Company entered into a Sale and Purchase Agreement ("SPA") with a few vendors. The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover (the "RTO") of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and is subject to, inter alia, the approval of shareholders of the Company (the "Shareholders") at an extraordinary general meeting (the "EGM") to be convened and the approval of the SGX-ST.