

DISCLAIMER OF OPINION ON AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (“FY2020”)

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst, the board of directors (the “**Board**”) of CWX Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditors, Messrs Crowe Horwath First Trust LLP (the “**Auditors**”), had issued a disclaimer of opinion (“**Disclaimer of Opinion**”) on the Group’s audited financial statements for FY2020 (the “**Audited Financial Statements**”) (“**Independent Auditor’s Report**”). The basis for the Disclaimer of Opinion is in relation to (i) going concern; and (ii) investment in associate and loan to associate.

A copy of the Independent Auditor’s Report and an extract of Note 2 to the Audited Financial Statements in relation to the Disclaimer of Opinion are attached to this announcement for further information.

(i) Going Concern

The Group incurred a net loss of US\$33,355,000 and recorded negative operating cash flows of US\$454,000 for FY2020, and as at 30 June 2020, the Group’s current liabilities exceeded current assets by US\$20,480,000. As at 30 June 2020, the Group’s cash and bank balances available for use amounted to US\$402,000 while its current liabilities amounted to US\$23,249,000 which mainly comprised bank borrowings (due on demand or latest by 30 July 2020) of US\$19,923,000. The Group’s net loss for FY2020 was mainly attributable to one-off impairment charges of US\$31,175,000 which are non-cash related.

Notwithstanding the above, the Board is of the opinion that the Group will be able to continue as a going concern and the Audited Financial Statements have been prepared on a going concern basis, for the following reasons:

- (a) the Group had, on 9 November 2020, successfully completed a placement exercise (“**Placement**”) and raised gross placement proceeds amounting to S\$3,400,000 (equivalent to approximately US\$2,480,000 based on an exchange rate of US\$1.37 : S\$1.00);
- (b) the Group has entered into a loan agreement for S\$1,600,000 with a new substantial corporate shareholder of the Company, who subscribed for S\$700,000 of new shares of the Company in the Placement. The funds are expected to be received on a timely manner. Such funds when received, will be adequate for the Group’s working capital purposes for the next 12 months;
- (c) the Group has successfully restructured its outstanding banking facilities amounting to US\$17,810,000 with OCBC Bank as of the date of the Audited Financial Statements. With the restructuring, these banking facilities which have been drawn and owed by the Company’s subsidiary, Loyz Oil Pte Ltd (“**Subsidiary**”), have the repayment due date extended to 30 July 2021. In addition, the corporate guarantee with respect to such banking facilities provided by the Company to OCBC Bank has been discharged, and the outstanding loan amounts are ring fenced and confined to the Subsidiary level and the remaining collaterals (including the Group’s 20%-owned interests in the Thailand onshore oil concessions joint venture (“**Oil Concessions**”).

On 15 November 2020, OCBC Bank wrote to the Company to confirm that the conditions precedent to the aforesaid restructuring have been satisfied and that the effective date of the discharge of the corporate guarantee and completion of the restructuring is 10 November 2020;

- (d) the Group was informed of the Auditors' intention to issue a modified audit opinion before the date of the Audited Financial Statements, despite the audit evidence provided in sub-paragraphs (a) to (c) above. A modified audit report that does not give a true and fair view of the financial statements triggers a technical breach of a bank covenant. The facilities mentioned in sub-paragraph (c) above, remain at the Subsidiary level and as confirmed with OCBC Bank, any impact of such breach will be limited to the Subsidiary. Based on the restructuring agreement with OCBC Bank, apart from the Subsidiary, OCBC Bank will have no recourse to the rest of the Group. On 15 November 2020, the Group has received an in-principle approval in writing from OCBC Bank for the waiver of the technical breaches of bank covenant;
- (e) the Group expects to obtain support from DBS Bank to continue to provide to the Group its revolving credit facility amounting to US\$1,000,000, as the Group is now in a stronger financial position with the successful completion of the aforesaid events under sub-paragraphs (a) to (c) above. Besides, the Group has kept up to date with its payment obligations, i.e. the servicing of interest payments of the aforesaid revolving credit facility to DBS Bank till date. The Group has reached out to DBS Bank to seek its continuing support, including waivers of any technical breaches of bank covenant; and
- (f) the Group will not be required to inject additional funds into the Oil Concessions for the next 12 months as the operations of the Oil Concessions as at the date of the Audited Financial Statements are currently able to generate sufficient cash flows to sustain operations and there are existing undrawn bank facilities of US\$10,000,000 obtained from a financial institution by the Oil Concessions. Such facilities will be sufficient to cover the discretionary capital costs of the Oil Concessions including drilling of new wells and workovers of existing wells.

(ii) Investment in Associate and Loan to Associate

The Company had invested (in the form of equity and debt) in or through an associate, Fit Global Pte. Ltd. ("FIT"), which is in the business of investment, trading and other related services. As at 30 June 2020, the total gross carrying amount (before the impairment allowance made for the current financial year) of the Group's financial interests in FIT stood at US\$5,851,000 comprising a 40%-share equity investment of US\$1,379,000 and a loan receivable of US\$4,472,000.

Since the beginning of the Group's investment into FIT in 2017, the investment and trading business managed by FIT has been badly hampered by the economic downturn and the unprecedented coronavirus pandemic. Based on the past performance and the adverse business conditions which remain uncertain, the business prospects of FIT remain dim for now. The Group and the Company have therefore made full allowance for a one-off impairment of US\$5.9 million against the total gross carrying amounts of the debt and equity investments in FIT Group in FY2020, on account of the significant economic uncertainties brought about by the coronavirus pandemic. The Group will continue to monitor the performance of the investment business managed by FIT and assess the way forward for this business.

The Board is of the view that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner and confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

The Independent Auditor's Report, together with the Audited Financial Statements, will form part of the Company's annual report for FY2020 ("**2020 Annual Report**") which has been released separately on SGXNet on 15 November 2020. Shareholders of the Company ("**Shareholders**") are advised to read this announcement in conjunction with the 2020 Annual Report.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Pang Kee Chai, Jeffrey
Executive Director and Chief Executive Officer
15 November 2020

*This announcement has been prepared by CWX Global Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), ZICO Capital Pte. Ltd., in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

Independent Auditor's Report

To The Members Of CWX Global Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the financial statements of CWX Global Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 57 to 141, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Going concern

For the current financial year ended 30 June 2020, the Group incurred a net loss of US\$33,355,000 and recorded negative operating cash flows of US\$454,000 and, as of that date, the Group had net current liabilities amounting to US\$20,480,000. In addition, as at 30 June 2020, in spite of the cash and bank balances being reflected at US\$402,000 on the Group's statement of financial position, only US\$83,000 was readily available for use by the Company and its subsidiaries while the Group's current liabilities stood at \$23,249,000 comprising mainly bank borrowings totalling US\$19,923,000 that are due and repayable on demand or latest by 30 July 2021. Further, as disclosed in Notes 2 and 22 to the financial statements, the Group has technically breached certain financial covenants as stipulated under the relevant credit facility agreements with two banks and consequently, the Group may potentially be liable to repay a sum of US\$19,526,000 (including accrued interest and fees) immediately.

The events and conditions described above, coupled with the operational uncertainties surrounding the Thailand Operations as set forth in Notes 2 and 10(a) to the financial statements, indicate the existence of multiple uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as going concern.

Notwithstanding the above, the directors have prepared the financial statements on a going concern basis on the premise of certain assumptions, assertions and/or beliefs as set out in Note 2 to the financial statements. Nonetheless, we are unable to corroborate some of these assertions or beliefs. In particular, despite the recent completion of the debt restructuring (which involved, *inter alia*, the application of S\$2,500,000 out of the total placement proceeds of S\$3,400,000 as described in Note 2(a) to make partial repayments to the bank), the Group (specifically, Loyz Oil Pte. Ltd. ("LOPL")) is still liable to repay approximately US\$18,526,000 by 30 July 2021. In this regard, pursuant to terms of the debt restructuring, LOPL is expected to dispose of its interests in the Thailand Operations on such terms (including sale price) and conditions that are acceptable to the bank to meet its repayment obligations on 30 July 2021. However, the management has not provided us with any substantive plan, detailed financial projections or supporting documents (including the prospect of LOPL's ability to dispose of its interest in the Thailand Operations by July 2021, and if so, the estimated amount of disposal value and its adequacy) to demonstrate how LOPL would be able to meet the loan obligations when they fall due on 30 July 2021. Additionally, as adumbrated above, the Group has technically breached certain financial covenants (such as maintaining the consolidated net worth of the Group at a minimum threshold amount at all times and ensuring that the audited financial statements are true and fair) as mandated under the relevant credit facility agreements with the two banks. These technical breaches may further exacerbate the degree and multiplicity of uncertainties.

Independent Auditor's Report

To The Members Of CWX Global Limited

Basis for Disclaimer of Opinion (Continued)

1. Going concern (Continued)

In view of the above, we are unable to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the reasonableness and validity of these assumptions, assertions and/or beliefs, especially when the global economic environment has been adversely affected by the unprecedented COVID-19 pandemic. As of the date of this report, we are therefore unable to opine on the appropriateness of the use of the going concern basis in the preparation of the financial statements.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their 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 normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities to current assets and liabilities respectively and to provide for further liabilities which may arise. The financial statements do not include any adjustment which may arise from these uncertainties.

2. Investment in associate and loan to associate

Pursuant to an extraordinary general meeting held on 27 October 2017, the Company had raised some funds via a right issue exercise and had been mandated by its shareholders to diversify its business into some investment, financial and other related services ("New Business") as detailed in the shareholders' circular dated 12 October 2017. The Company has since utilised part of the right issue proceeds to invest (in the form of equity and debt) in or through an associate, Fit Global Pte. Ltd. ("FIT") which, together with its wholly-owned subsidiary, was incorporated to undertake the New Business. As disclosed in Notes 11 and 16 respectively, as at 30 June 2020, the total gross carrying amount (before the impairment allowance made for the current financial year) of the Group's financial interests in FIT stood at US\$5,851,000 comprising a 40%-share equity investment of US\$1,379,000 and a loan receivable of US\$4,472,000. The corresponding gross carrying amount recorded on the Company's statement of financial position was US\$6,490,000 comprising US\$2,018,000 and US\$4,472,000 for equity investment and loan receivable respectively.

The Group and the Company made full allowance for impairment against the total gross carrying amounts of the debt and equity investments in FIT Group on account of the significant economic uncertainties brought about by the COVID-19 pandemic. Accordingly, a total impairment charge of US\$5,851,000 was recognised in profit or loss of the Group thereby bringing the net carrying amounts of these investments to zero.

While the pandemic is a material factor in assessing the valuation and recoverability of these investments, we are unable to evaluate and determine whether the assessment (including any bases thereof) has been robustly and comprehensively carried out by the Company, particularly when the investment sums are substantial. Accordingly, we are unable to ascertain the appropriateness of the impairment amount recognised for the financial year.

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 Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International), 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.

Independent Auditor's Report

To The Members Of CWX Global Limited

Responsibilities of Management and Directors for the Financial Statements (Continued)

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Report On Other Legal and Regulatory Requirements

In our opinion, except for the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and those subsidiary corporations incorporated in Singapore of which we are the auditors 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 Goh Sia.

Crowe Horwath First Trust LLP

Public Accountants and
Chartered Accountants
Singapore

15 November 2020

Notes To The Financial Statements

For The Financial Year Ended 30 June 2020

(Amounts in thousands of United States dollar ("US\$'000"))

These notes form an integral part of and should be read in conjunction with the financial statements.

1. GENERAL INFORMATION

CWX Global Limited (the "Company") is a public limited company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office and its principal place of business is 1 Raffles Place, #41-01A, One Raffles Place, Singapore 048616.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries and its associate are set out in Notes 9 and 11 respectively.

The financial statements for the financial year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 15 November 2020.

2. BASIS OF PREPARATION

The Group incurred a net loss of US\$33,355,000 and recorded negative operating cash flows of US\$454,000 for the financial year ended 30 June 2020, and as of that date, the Group's current liabilities exceeds current assets by US\$20,480,000. As at 30 June 2020, the Group's cash and bank balances available for use amounted to US\$402,000 (Note 19) while its current liabilities amounted to US\$23,249,000 which mainly comprised of bank borrowings due on demand or latest by 30 July 2020 amounted to US\$19,923,000 (Note 22).

These facts and circumstances indicate the existence of material uncertainties that may cast significant doubts over the ability of the Group and of the Company to continue as a going concern. The Group has prepared the financial statements on a going concern basis on the assumption that:

- (a) the Group had, on 9 November 2020, successfully completed a S\$3,400,000 Placement exercise and raised gross placement proceeds amounting to S\$3,400,000 (equivalent to approximately US\$2,480,000 based on an exchange rate of US\$1.37 : S\$1.00);
- (b) the Group has entered into a loan agreement for S\$1,600,000 with a new substantial corporate shareholder, who subscribed for S\$700,000 of new shares in the recently completed Placement exercise. The funds are expected to be received on a timely manner. Such funds when received, will be adequate for the Group's working capital purposes for the next 12 months;
- (c) the Group has successfully restructured the outstanding Bank Loan I and Specific Advance Facility (Note 22) with OCBC Bank as of the date of this report. With the restructuring, these facilities which have been drawn and owed by the Company's subsidiary, Loyz Oil Pte Ltd (the "**Subsidiary**"), have the repayment due date extended to 30 July 2021. In addition, the Corporate Guarantee provided by the Company to OCBC Bank has been discharged, and the outstanding loan amounts are ring fenced and confined to the Subsidiary level and the remaining collaterals, including the Thailand Oil Concessions.

On 15 November 2020, OCBC Bank wrote to the Company to confirm that the conditions precedent to the aforesaid restructuring have been satisfied and that the effective date of the discharge of the corporate guarantee and completion of the restructuring is 10 November 2020;

Notes To The Financial Statements

For The Financial Year Ended 30 June 2020

(Amounts in thousands of United States dollar ("US\$'000"))

2. BASIS OF PREPARATION (CONTINUED)

- (d) the Group was informed of the auditors' intention to issue a modified audit opinion before the date of this report, despite the audit evidence provided in a) to c) above. A modified audit report that does not give a true and fair view of the financial statements triggers a technical breach of a bank covenant. The facilities mentioned in c), remain at the Subsidiary level and as confirmed with OCBC Bank, any impact of such breach will be limited to the Subsidiary. Based on the restructuring agreement with OCBC Bank, apart from the Subsidiary, OCBC Bank will have no recourse to the rest of the Group. On 15 November 2020, the Group has received an in-principle approval in writing from OCBC Bank for the waiver of the technical breaches of bank covenant (Note 22);
- (e) the Group expects to obtain support from DBS Bank to continue to provide to the Group its revolving credit facility amounting to US\$1,000,000 (Note 22), as the Group is now in a stronger financial position with the successful Placement Exercise, Loan from corporate shareholder and release of Corporate Guarantee on Bank Loan I and full repayment of the Specific Advance Facility (Note 22). Besides, the Group has kept up to date with its payment obligations, i.e. the servicing of interest payments of the aforesaid revolving credit facility to DBS Bank till date. The Group has reached out to DBS Bank to seek its continuing support, including waivers of any technical breaches of bank covenant (Note 22); and
- (f) the Group will not be required to inject additional funds into the joint operation in Thailand ("Thailand Operations") (Note 10(a)) for the next 12 months as the operations of the Thailand Operations as at the date of this report are currently able to generate sufficient cash flows to sustain operations and there are existing undrawn bank facilities of US\$10,000,000 obtained from a financial institution by the Thailand Operations. Such facilities will be sufficient to cover the discretionary capital costs of the Thailand Operations including drilling of new wells and workovers of existing wells.

If the Group is unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their 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 normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities which may arise. No such adjustments have been made to the financial statements.

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)). The financial statements are presented in United States dollar ("US\$") and all values are rounded to the nearest thousand (US\$'000) as indicated, unless otherwise stated.

The preparation of the financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in Note 4.