

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

*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Company's announcements dated 22 November 2018 ("**Previous Announcement**").*

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 further to the Previous Announcement, its wholly owned subsidiary, Chaswood Resources Sdn Bhd ("**CRSB**" or the "**Vendor**"), has entered into a share purchase agreement dated 3 April 2019 ("**SPA**") with Sino Hua-An International Berhad ("**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:

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

Notes:

1. An internal restructuring will be undertaken by CRSB prior to the date on which the last of the Conditions Precedent (as defined in item 3.3 of this Announcement) is obtained, fulfilled or waived ("**Unconditional Date**") to dispose subsidiaries (2) to (11) above to BMPJ resulting in BMPJ being the direct holding company of these subsidiaries ("**Consolidation**").

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 RM46.7 million (inclusive of the waiver of related company owing of approximately RM42.0 million) for the financial year ended 31 December 2018 (“FY2018”). The net liability value of the Sale Subsidiaries as at 31 December 2017 and 31 December 2018 were approximately RM54.1 million and RM7.4 million respectively.

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 RM46.8 million (inclusive of the waiver of related company owing of approximately RM42.0 million) for FY2018, and the net liability value of the Sale Subsidiaries of approximately RM54.1 million as at 31 December 2017 and RM7.4 million as at 31 December 2018.

Based on the consolidated financial statements of the Group for FY2018 and the Consideration, the Group will recognise a profit of approximately RM15.4 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 ¹	316,565,959	28.21%
Liu Guodong	124,000,057	11.05%
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 ¹	316,565,959	28.21%
Rock Point Alliance Pte Ltd	285,000,080	25.39%
Liu Guodong	124,000,057	11.05%
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 the entire issued and paid up capital of BMPJ (“**Sale Shares**”), free from all Encumbrances and together with all rights and advantages attaching thereto 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 (“**Completion**”).

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 all licenses and permits, and regulatory approvals necessary to operate the business.
- (iii) The Target Business’ contracts 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 shall maintain a normal level of working capital required to meet its operational requirement.
- (v) All information provided about the Target Business is materially accurate and reliable.
- (vi) The Sale Subsidiaries being free from all liabilities to any financial institution in accordance to the completion obligations under section 3.6.

3.3 Conditions Precedent

Completion of the sale and purchase of the Sale Shares is conditional upon the satisfaction by the Vendor or a waiver granted by the Purchaser, which shall be at the Purchaser’s sole discretion except for items (c) to (e) below, of the following conditions (“**Conditions Precedent**”):

- (a) the completion of the Consolidation;
- (b) The Purchaser’s satisfaction of the results of such legal, commercial and financial due diligence conducted by the Purchaser on BMPJ and the Target Business, over the business, affairs, operations, assets and liabilities, prospects and records of BMPJ and the Target Business;
- (c) the passing by way of shareholders’ (if required) and directors’ circular resolution of the Purchaser of a resolution to approve the acquisition of the Sale Shares in the agreed terms;
- (d) The submission and lodgement with the Securities Commission Malaysia all information and documents as may be specified by the Securities Commission Malaysia and in compliance with applicable laws and regulations for the issuance of redeemable convertible notes (“**Notes**”) by the Purchaser (“**Lodgement**”), and such Lodgement not having been amended, withdrawn, revoked, rescinded or cancelled;
- (e) The subscription agreement for the Notes to be entered into by the Purchaser, for the purposes of inter-alia raising funds for the acquisition of the Sale Shares, remains valid and binding and is not terminated for any reason whatsoever;
- (f) the Vendor obtaining the approval of the board of directors and shareholders (if required) of the Company for the transfer of the Sale Shares to the Purchaser free from encumbrances, and the Vendor shall deliver the certified copy of the said approval to the Purchaser;

- (g) the shareholder's agreement (for BAJB only) between BMPJ and the other 80% shareholder of BAJB have been duly executed, witnessed and stamped;
- (h) the letter of Undertaking from the Vendor that the Consideration shall only be utilised for the Sale Subsidiaries' outstanding liabilities which are not in the normal course of business working capital cycle;
- (i) the employment agreements to be executed between key management to be identified and BMPJ;
- (j) the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the proposed acquisition of the Sale Shares by the Purchaser having been obtained from third parties (including financial institutions and franchisor), appropriate governments, governmental, courts, Singapore Exchange Securities Trading Limited or other regulatory bodies and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect and compliance with Catalist Rules, if applicable;
- (k) where the terms of any material contract contain any restrictions or prohibition on the change in control of the shareholdings and/or the boards of directors of BMPJ or include any right to terminate prior to or as a result of any matter contemplated by this Agreement, written confirmation in a form and on terms (if any) reasonably satisfactory to the Purchaser by the counterparties, of the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate, if applicable; and
- (l) the issuance of a waiver letter by the Vendor to BMPJ waiving all its rights of action of any kind, arising in any capacity or in any jurisdiction, against BMPJ and its subsidiary or any of their respective officers or employees.

3.4 Long Stop Date

The Vendor shall use their best endeavours to ensure the satisfaction of the Conditions Precedent as set out in section 3.3(a), (f), (g), (h),(i), (j), (k) and (l) and the Purchaser shall use its best endeavours to ensure the satisfaction of the Conditions Precedent set out in section 3.3(b) to (e), within 6 calendar months after the date of the SPA, or such other date as may be mutually agreed in writing by the Parties.

3.5 Completion

- (i) Subject to section 3.3, Completion of the sale and purchase of the Sale Shares shall take place at the offices of the Purchaser's solicitors 3 months after the fulfilment of the Conditions Precedent (or as may be otherwise agreed by the Vendor and the Purchaser) ("**Completion Date**").
- (ii) On the Completion Date, the Vendor shall immediately procure that all the obligations specified in the SPA to be fulfilled and delivered to the Purchaser.
- (iii) Upon compliance with the foregoing provisions, the Purchaser shall pay the amount referred to in section 3.1 as Consideration to the Vendor on the Completion Date and in accordance to the SPA.

3.6 Completion Obligations

On Completion or as soon as reasonably practicable thereafter, the Vendor shall:

- (a) ensure that the Sale Subsidiaries shall be free of any liabilities owing to any financial institutions;
- (b) ensure that the Sale Subsidiaries shall waive all debts due to it by the Vendor, its other subsidiaries or associated companies, or vice versa as the case may be;

- (c) agree that RM5.0 million from the Purchase Consideration shall be paid to the Purchaser's solicitors as stakeholder, for onward transmission to the respective financial institutions pursuant to section 3.2(vi);
- (d) ensure that the balance sum of RM3.0 million shall be utilised by the Vendor to repay the other creditors of the Sale Subsidiaries' liabilities; and
- (e) provide the Purchaser such documentary proof of the fulfilment of the above stated as the Purchaser may require.

As at 31 December 2018, the consolidated proforma net asset of BMPJ and the Sale Subsidiaries shall be no more than negative RM4.0 million.

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 scheme of arrangement with the financial institution lenders of the Group ("**Proposed SOA**"). 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 SOA 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 SOA with the financial institution lenders of the Group ("**Scheme Lenders**") which has been approved by the Scheme Creditors in a court convened meeting ("**CCM**") held on 9 November 2018 and the Court has granted sanction to the results of the CCM on 14 January 2019.

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 FY2018 as announced by the Company on 1 March 2019 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 ⁽¹⁾
(b)	The net profits attributable to the assets disposed of compared with the Group's net profit	Not meaningful ⁽²⁾
(c)	Aggregate value of the consideration received, compared with the Group's market capitalization	117.9% ⁽³⁾

(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) Computed based on the net asset value of the Target Business is approximately negative RM7.4 million as at 31 December 2018 and the net asset position of the Group is approximately negative RM71.2 million as at 31 December 2018. Based on this computation shows a figure of positive 10.4%.
- (2) Not meaningful as the Target Business recorded pre-tax profit for FY2018 of approximately RM47.2 million (with the assumption of waiver of related company owing pursuant to the Proposed Disposal of approximately RM4.2 million) and the Group recorded pre-tax loss for FY2018 of approximately RM7.6 million. The ratio of the pre-tax profit of the Target Business to the pre-tax loss of the Group is approximately negative 620%.
- (3) Computed based on the Consideration of RM8.0 million (or approximately S\$ 2.7 million based on the exchange rate of S\$1:RM 3.009 as at 2 April 2019 being the market day preceding the signing of the SPA) 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. The Directors confirmed that the Proposed Disposal will be subject where applicable to the Catalist Rules and the outcome of such consultation with the SGX-ST. Subject to the outcome of the consultation with the SGX-ST, the Proposed Disposal may require shareholders' approval irrespective of whether the Proposed CRSB Disposal is completed or not.

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)	(46,264)
Number of Shares ('000)	250,605	250,605
NTA per Share (RM sen)	(24.9)	(18.5)

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)	(52,652) ^{(1)&(2)}
Number of Shares	250,605	250,605
Loss per Share (RM sen)	(27.4)	(21.0)

Note:

- (1) Taking into account the potential gain from the Proposed Disposal of approximately RM16.1 million.
(2) Assumed waiver of related company owing pursuant to the Proposed Disposal.

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:

	Before the Proposed Disposal	After the Proposed Disposal
Total Borrowings (RM'000)	32,044 ⁽¹⁾	27,044 ⁽²⁾
Net asset value (RM'000)	(62,081)	(45,982) ⁽³⁾
Gearing (times)	(0.5)	(0.6)

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 gain from the Proposed Disposal of approximately RM16.1 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 SPA 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
3 April 2019

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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