



Chaswood Resources Holdings Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200401894D)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

This quarterly results announcement is mandatory and made pursuant to the SGX – ST's requirements, as required under Rule 705 (2C) of the Catalist Rules



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NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

PART I - UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Condensed interim consolidated statement of comprehensive income

THE GROUP	Note	3 MONTHS ENDED 30 SEPTEMBER			9 MONTHS ENDED 30 SEPTEMBER		
		2021 RM'000	2020 RM'000	Increase/ (Decrease) %	2021 RM'000	2020 RM'000	Increase/ (Decrease) %
Revenue	3	438	597	-26.6%	1,203	1,343	-10.4%
Cost of sales		(158)	(214)	-26.2%	(428)	(508)	-15.7%
Gross profit		280	383	-26.9%	775	835	-7.2%
Other Items of Income							
Other credits		47	150	-68.7%	1,198	150	698.7%
Other Items of Expense							
Marketing and distribution costs		(8)	(14)	-42.9%	(26)	(24)	8.3%
Administrative expenses		(506)	(537)	-5.8%	(1,449)	(1,406)	3.1%
Finance costs		(15)	(19)	-21.1%	(49)	(59)	-16.9%
Other expenses		(83)	(85)	-2.4%	(251)	(246)	2.0%
Profit/ (Loss) before taxation	4	(285)	(122)	133.6%	198	(750)	-126.4%
Income tax expense - reversal / (provision)	5	66	-	100.0%	(48)	-	100.0%
Profit / (loss) after taxation		(219)	(122)	79.5%	150	(750)	-120.0%
Other comprehensive income/ (loss) net of tax:-							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations							
- Gain / (loss) on translation of foreign operations		189	767	N.M	(575)	(413)	N.M
Total comprehensive (loss) / profit		(30)	645	-104.7%	(425)	(1,163)	-63.5%
Profit/(loss) attributable to owners of the company, net of tax		(219)	(122)	79.5%	150	(750)	-120.0%
Profit/(loss) attributable to non-controlling interests, net of tax		-	-	N.M	-	-	N.M
Profit / (loss) after tax		(219)	(122)	79.5%	150	(750)	-120.0%
Total comprehensive income / (loss) attributable to owners of the company, net of tax		(30)	645	-104.7%	(425)	(1,163)	-63.5%
Total comprehensive gain / (loss) attributable to non-controlling interests, net of tax		-	-	N.M	-	-	N.M
Total comprehensive (loss) / profit		(30)	645	-104.7%	(425)	(1,163)	-63.5%

N.M: Not Meaningful



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Condensed interim statements of financial position

	Note	The Group		The Company	
		30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
ASSETS					
Non-Current Assets					
Property and Equipment	9	1,840	2,091	-	-
Investment in Subsidiaries	10	-	-	125	-
Total Non-Current Assets		1,840	2,091	125	-
Current Assets					
Inventories		34	21	-	-
Trade and Other Receivables	11	63	210	1	1
Other Assets	12	211	169	-	-
Cash and Cash Equivalents		1,421	1,058	-	-
Total Current Assets		1,729	1,458	1	1
Total Assets		3,569	3,549	126	1
EQUITY AND LIABILITIES					
Equity					
Share Capital	6	24,464	24,464	162,132	162,132
Other Reserves		29,498	30,073	28,508	29,114
Accumulated Losses		(115,420)	(115,570)	(252,979)	(252,340)
Total Equity Attributable to Owners of the Parent		(61,458)	(61,033)	(62,339)	(61,094)
Non-Controlling Interest		(433)	(433)	-	-
Total Equity		(61,891)	(61,466)	(62,339)	(61,094)
Non-Current Liabilities					
Deferred Tax Liabilities		141	96	-	-
Lease liabilities	8	665	825	-	-
Total Non-Current Liabilities		806	921	-	-
Current Liabilities					
Provision for Taxation		340	502	-	1
Trade and Other Payables	7	64,102	63,391	62,465	61,094
Lease liabilities	8	212	201	-	-
Total Current Liabilities		64,654	64,094	62,465	61,095
Total Liabilities		65,460	65,015	62,465	61,095
Total Equity and Liabilities		3,569	3,549	126	1



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Condensed interim consolidated statement of cash flows

		9 months ended 30 September	
	Note	2021 RM'000	2020 RM'000
Cash flows from operating activities			
Profit/(loss) before tax		198	(750)
Adjustment for:			
Depreciation of property and equipment	4	251	246
Reversal of impairment loss on : -			
Receivables	4	(132)	-
Interest expense on lease liabilities		49	59
		<hr/>	<hr/>
Operating profit / (loss) before working capital changes		366	(445)
Inventories		(13)	4
Trade and other receivables		147	(133)
Other assets		(42)	(16)
Trade and other payables		267	1,064
		<hr/>	<hr/>
Net cash flows from operations		725	474
Tax Paid		(163)	(43)
		<hr/>	<hr/>
Net cash flows from operating activities		<hr/> 562	<hr/> 431
Cash flows used in financing activities			
Principal payment on lease liabilities		(149)	(140)
Interest paid on lease liabilities		(49)	(59)
		<hr/>	<hr/>
Net cash flows used in financing activities		(198)	(199)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		364	232
Foreign exchange differences		(1)	(3)
Cash and cash equivalents at the beginning of the financial period		1,058	110
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period		1,421	339
		<hr/>	<hr/>
<u>Cash and cash equivalents:-</u>			
Not restricted in use		1,421	339
Restricted in use		-	-
		<hr/>	<hr/>
		1,421	339



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Condensed interim statements of changes in equity

The Group	Attributable to owners of the Company				Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Other Reserve RM'000	(Accumulated Losses) RM'000	Total RM'000		
Balance as at 1 January 2021	24,464	30,073	(115,570)	(61,033)	(433)	(61,466)
Total comprehensive income/(loss) for the period						
Profit after tax	-	-	150	150	-	150
Effects of translation of net assets of foreign operations	-	(575)	-	(575)	-	(575)
Total comprehensive loss for the period	-	(575)	150	(425)	-	(425)
Balance as at 30 September 2021 (Unaudited)	24,464	29,498	(115,420)	(61,458)	(433)	(61,891)
Balance as at 1 January 2020	24,464	30,739	(115,819)	(60,616)	(433)	(61,049)
Total comprehensive loss for the period						
Loss after tax	-	-	(750)	(750)	-	(750)
Effects of translation of net assets of foreign operations	-	(413)	-	(413)	-	(413)
Total comprehensive loss for the period	-	(413)	(750)	(1,163)	-	(1,163)
Balance as at 30 September 2020 (Unaudited)	24,464	30,326	(116,569)	(61,779)	(433)	(62,212)

The Company

	Note	Share Capital RM'000	Other Reserve RM'000	(Accumulated Losses) RM'000	Total Equity RM'000
Balance as at 1 January 2021	6	162,132	29,114	(252,340)	(61,094)
Total comprehensive income/(loss) for the period					
Loss after tax		-	-	(639)	(639)
Effects of translation of net assets of foreign operations		-	(606)	-	(606)
Total comprehensive loss for the period		-	(606)	(639)	(1,245)
Balance as at 30 September 2021 (Unaudited)		162,132	28,508	(252,979)	(62,339)
Balance as at 1 January 2020	6	162,132	29,779	(252,375)	(60,464)
Total comprehensive loss for the period					
Loss after tax		-	-	(782)	(782)
Effects of translation of net assets of foreign operations		-	(420)	-	(420)
Total comprehensive loss for the period		-	(420)	(782)	(1,202)
Balance as at 30 September 2020 (Unaudited)		162,132	29,359	(253,157)	(61,666)



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Notes to the condensed interim consolidated financial statements

1. Corporate Information

Chaswood Resources Holdings Ltd. (the “Company”) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and is incorporated in Singapore with limited liability. These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The financial statements are presented in Ringgit Malaysia (“RM”). The registered office is at 80 Robinson Road, #02-00, Singapore 068898.

The principal business of the Company is that of an investment holding company. The Group operates the casual dining business serving food and beverages.

2. Basis of preparation

The condensed interim financial statements for the nine months ended 30 September 2021 have been prepared on a going concern basis and in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Malaysian Ringgit which is the Group’s functional currency.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1, which have no significant impact on the Group.

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 paragraph 5 of the other information required by Appendix 7C of the Catalist Rules - Working Capital (Liquidity and going concern assumptions) together with the future profitability of the operations of the Group.

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.

2.1 New and amended standards adopted by the Group

The Group has adopted various new and revised SFRS(I)s that are relevant to its operations and effective for the period beginning 1 January 2021.

2.2 Use of judgements and estimates



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In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

There are no significant judgements made in applying the Group's accounting policies which would have a significant effect on the amounts recognised in the financial statements. Judgments and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Revenue

Business segment

As the Group operates principally in a single segment business which is in the casual dining business serving food and beverages, no business segment reporting is presented.

Geographical segment

The geographical segment is presented as follows:

	Segment revenue		Segment profit / (loss)		Depreciation of property and equipment		Development fee income	
	9 months ended 30 September		9 months ended 30 September		9 months ended 30 September		9 months ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operations								
Malaysia	1,203	1,343	804	57	(251)	(246)	1,000	150
Singapore	-	-	(653)	(797)	-	-	-	-
Thailand	-	-	(1)	(10)	-	-	-	-
Total	1,203	1,343	150	(750)	(251)	(246)	1,000	150

Timing of revenue recognition	2021	2020
- at a point in time	1,203	1,343

	30 September 2021 Unaudited RM'000	31 December 2020 Audited RM'000
Segment assets		
Malaysia	3,487	3,466
Singapore	1	1
Thailand	32	35
China	49	47
Total	3,569	3,549
Segment liabilities		
Malaysia	2,056	2,338
Singapore	63,005	62,245
Thailand	378	412
China	21	20
Total	65,460	65,015



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4. Profit / (loss) before tax

4.1 Following significant items were credited/(charged) to arrive at the profit / (loss) before tax

THE GROUP	3 MONTHS ENDED 30 SEPTEMBER			9 MONTHS ENDED 30 SEPTEMBER		
	2021	2020	Increase/ (Decrease)	2021	2020	Increase/ (Decrease)
	RM'000	RM'000	%	RM'000	RM'000	%
Development fee income	-	150	-100.0%	1,000	150	566.7%
Reversal of impairment allowance on receivables	-	-	0.0%	132	-	100.0%
Rental rebate received	47	-	100.0%	66	-	100.0%
Depreciation of property and equipment	(83)	(85)	-2.4%	(251)	(246)	2.0%

4.2 Related party transactions

There are no material related party transactions during the financial period apart from those disclosed elsewhere in the financial statements.

5. Income tax expense

The Group calculates the period's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	3 MONTHS ENDED 30 SEPTEMBER		9 MONTHS ENDED 30 SEPTEMBER	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current income tax expense - reversal / (provision)	66	-	(3)	-
Deferred income tax expense relating to origination and reversal of temporary difference	-	-	(45)	-
	66	-	(48)	-

6. Share Capital

The issued and paid-up share capital of the Company are as follow:

	Number of shares	Issued and paid up share capital (RM)
Share capital as at 30 September 2021 and 2020	250,605,231	162,131,973

There are no outstanding convertibles as at 30 September 2021 and 30 September 2020.

	As at 30 September 2021	As at 31 December 2020
Total number of issued shares excluding treasury shares	250,605,231	250,605,231



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The Company has no treasury shares and subsidiary holdings as at 30 September 2021, 31 December 2020, and 30 September 2020.

7. Trade and other payables

	THE GROUP	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Trade payables	230	214
Other payables and accruals	15,790	15,377
Corporate guarantee granted by the Company as security for the disposed subsidiaries' banking facilities, exchangeable bonds and loans from certain creditors	48,082	47,800
Total	64,102	63,391

The increase in other payables and accruals was mainly due to the accrual of professional fees.

The increase in corporate guarantee provision of approximately RM0.3 mil was mainly due to the foreign exchange translation.

As at 30 September 2021, other payables, accruals and corporate guarantees amounting to approximately RM62.3 million are subject to the proposed scheme of arrangement with creditors ("SOA") undertaken by the Company. Further information on the Singapore SOA is detailed in the paragraph on working capital below. Refer to Paragraph 5 of the other information required by Appendix 7C of the Catalist Rules -- Review of Financial Position (Current liabilities).

8. Lease liabilities

Amount repayable in one year or less, or on demand

	30 September 2021		31 December 2020	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Lease liability	-	212	-	201
	-	212	-	201

Amount repayable after one year

	30 September 2021		31 December 2020	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Lease liability	-	665	-	825
	-	665	-	825

Details of any collateral

There are no collaterals for the unsecured lease liability which arose pursuant to the adoption of SFRS (I) 16 (Leases).

9. Property and equipment



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During the nine months ended 30 September 2021 and 30 September 2020, there were no additions and disposals of assets in the Group.

Decrease of net book value was due to depreciation charges during the period.

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 8.

The Company has reviewed the recoverable amount of property and equipment which was estimated on the basis of value-in-use. Property and equipment is allocated to cash-generating units for the purpose of impairment testing. Based on the review and assumptions used, there is no indication of impairment on the property and equipment.

10. Investment in subsidiaries

	The Company	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Unquoted equity shares at cost	1,079	954
Allowance for impairment	(954)	(954)
Unquoted equity shares net of impairment	125	-

Increase in Company investment in the wholly-owned subsidiary, Bistro Italiana (SA) Sdn Bhd pursuant to the requirement of tenancy agreement for the new Italiannies restaurant at Central I-City Shopping Centre, Selangor, Malaysia.

11. Trade and other receivables

	THE GROUP	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Outside parties		
Trade receivables	1	5
Other receivables	62	205
	63	210

12. Other assets

	THE GROUP	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Prepayments	27	1
Rental deposits	184	168
	211	169

13. Financial assets and liabilities



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The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the financial period:

	THE GROUP		THE COMPANY	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<u>Financial assets:</u>				
Cash and cash equivalents	1,421	1,058	-	-
Trade and other receivables	63	210	1	1
Other assets	184	168	-	-
	<u>1,668</u>	<u>1,436</u>	<u>1</u>	<u>1</u>
<u>Financial liabilities:</u>				
Trade and other payables	64,102	63,391	62,465	61,094
Lease liabilities	877	1,026	-	-
	<u>64,979</u>	<u>64,417</u>	<u>62,465</u>	<u>61,094</u>

14. Seasonal operations

The Group's businesses and consumers are not seasonal in nature. The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

15. Subsequent events

There are no subsequent events which have led to adjustments to this set of interim financial statements.

On 5 November 2021, the Company entered into a Sale and Purchase Agreement (the "SPA") with 3DOM Inc. ("3DOM" or the "Vendor"), in relation to the proposed acquisition of the entire issued and paid-up share capital of 3DOM (Singapore) Pte. Ltd. (the "Target"), a company incorporated in the Republic of Singapore, by the Company (the "Proposed Acquisition").

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 this interim financial statements for the period ended 30 September 2021.



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Other information as required by the Appendix 7C of the Catalist Rules

- 1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 2A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

(a) Updates on the efforts taken to resolve each outstanding audit issue

For FY2020 financial statements, the Company's auditors have issued an "except for" opinion on the following basis:

- Key consideration resulting in an "except for" qualified opinion issued by the Independent Auditors on the limitation of scope on the audit of Chaswood Resources Sdn Bhd and its subsidiaries ("CRSB Group") was the inability to obtain necessary information and explanations to audit the financial statements of CRSB Group and to carry out alternative procedures to satisfy themselves as to the accuracy of the figures relating to the discontinued operations and disposal of the CRSB Group in FY2019. The disposal of CRSB Group by the Company was completed on 4 October 2019.

Update:

From FY2020 onwards, CRSB Group's financials were no longer reflected as a part of the Group's financial results since it was already disposed in 2019. The Company had requested for access to the information on CRSB Group but due to the lack of resources by the disposed CRSB Group, the information requested was not able to be provided. This matter was raised in FY2019's audit report and the same matter was raised again in FY2020's audit report in view that the FY2020's financial statements contained the comparative figures of FY2019.

Since FY2021 financial statements would not present FY2019 figures, the Company does not expect the same issue to be raised again in the next financial year.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.



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3. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.**

	THE GROUP	
	9 MONTHS ENDED 30 SEPTEMBER	
	2021	2020
Net profit/ (loss) attributable to shareholders of the Company (RM'000)	150	(750)
(a) Basic earnings/ (loss) per share (RM sen)	0.1	(0.3)
(b) Diluted Loss per share (RM sen) *	N.A	N.A
Weighted average number of ordinary shares in issue ('000)	250,605	250,605

* No diluted loss per share as the Group did not have any convertible financial instruments.

4. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Net asset value per ordinary share (RM sen)	(24.5)	(24.4)	(24.9)	(24.4)

Net asset value per ordinary share of the Group and the Company was calculated based on 250,605,231 shares (2020: 250,605,231 shares) in issue at the end of the financial period/ year.

5. **Review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.



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Review of Financial Performance

Revenue

Revenue decreased by approximately RM0.16 million, or approximately 26.6% in Q3 2021 compared to the corresponding period in 2020.

Revenue decreased by approximately RM0.14 million, or approximately 10.4% in the nine months ended 30 September 2021 compared to the corresponding period in 2020.

The Group's restaurant business was still impacted in the 9 months ended 30 September 2021 where the restaurant's operations were significantly limited to take-away and delivery services in view of the spike in positive Covid-19 cases in Malaysia which resulted in the Malaysian government imposing various movement control measures and restrictions.

Gross profit and gross profit margin

Gross profit decreased by approximately RM0.1 million, or approximately 26.9% from approximately RM0.38 million to approximately RM0.28 million in Q3 2021 compared to the corresponding period in 2020.

Gross profit decreased by approximately RM0.06 million, or approximately 7.2% from approximately RM0.84 million to approximately RM0.78 million in the nine months ended 30 September 2021 compared to the corresponding period in 2020.

The gross profit decrease was in line with the decrease in revenue.

Nevertheless, gross profit margin increased from approximately 62.2% to approximately 64.4% in the 9 months ended 30 September 2021 compared to the corresponding period in 2020. This was mainly due to the higher sale of better margin products via menu engineering and lower wastages.

Other credits

Other credits in Q3 2021 consist of rental rebate from landlord of approximately RM0.05 million.

Other credits in the nine months ended 30 September 2021 mainly consist of development fee income in relation to development rights awarded to operate the Italiannies brand of approximately RM 1.00 million, reversal of impairment allowance of receivables of RM0.13 million and rental rebate from landlord of RM0.07 million.

Administrative expenses

Administrative expenses decreased by approximately RM0.03 million, or approximately 5.8%, from approximately RM0.53 million to approximately RM0.50 million in Q3 2021 as compared to the corresponding period in 2020 due to the cost cutting measures undertaken by the Group which include managing the manpower to cushion the impact of Covid-19 pandemic.

Administrative expenses increased by approximately RM0.04 million, or approximately 3.1%, from approximately RM1.41 million to approximately RM1.45 million in nine months ended 30 September 2021 as compared to the corresponding period in 2020 mainly due to the accrual of the Group's restructuring expenses of approximately RM0.2 million. Other administrative expenses decreased with cost cutting measures undertaken by the Group which include managing the manpower to cushion the impact of Covid-19 pandemic.



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Finance cost

Finance cost consists of interest expense on lease liabilities in line with the SFRS (I) 16 (Leases) adoption.

Other expenses

Other expenses consist of depreciation charges.

Profit after tax from operations

The Group recorded higher loss after tax in the 3 months ended 30 September 2021 of approximately RM0.22 million compared to loss after tax of approximately RM0.12 million in the corresponding period in 2020. This was mainly due to the lower revenue and gross profit in the 3 months ended 30 September 2021. In addition, there was lower other credit arising from rental rebate of RM0.05 million as compared to the Italiannies development fee of RM0.15 million which was received in the corresponding period in 2020.

The Group recorded profit after tax in the nine months ended 30 September 2021 of approximately RM0.15 million compared to loss after tax of approximately RM0.75 million in the corresponding period in 2020. This was mainly due to the Italiannies development fee income received, as mentioned in the other credits above.

Review of Financial Position

Non-current assets

The decrease in property and equipment of approximately RM0.25 million from approximately RM2.09 million as at 31 December 2020 to approximately RM1.84 million as at 30 September 2021 was mainly due to depreciation charges during the period.

Current assets

The increase in total current assets of approximately RM0.27 million was mainly due to the increase in other assets arising from security deposit for a new outlet of RM0.04 million and cash and cash equivalents of RM0.36 million, which arose mainly from the development fee income received.

Other assets relate to (i) deposits placed with the lessors for the leases of the Group's outlet and (ii) prepayments.

Current liabilities

Please refer to Note 7 of the condensed interim financial statements.

Working capital

Liquidity and Going Concern Assumptions

The financial statements have been prepared on a going concern basis assuming that the Group will continue to operate as a going concern notwithstanding that: (i) the net current liabilities of RM62.9 million of the Group as at 30 September 2021; and (ii) negative equity position of approximately RM61.5 million as at 30 September 2021. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to



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continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

The Board is of the opinion that the Group is able to continue to operate as a going concern after taking into consideration the following factors:

a) 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 be 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. The proceeds will be utilised for the funding of the Group's working capital and future expansions and investments.

The Proposed Notes Issue is subject to, inter alia, approval from the SGX-ST and the shareholders, and compliance with all rules, regulations and requirements imposed by the SGX-ST.

b) 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 (Cap. 50) ("**Act**") ("**Scheme Order**"). Pursuant to the Scheme Order, the Scheme is binding on the Company and its creditors.

Following a creditors' meeting held on 27 November 2020 and the Court order, the Scheme was amended with an 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 ("**Amended SOA**"). The Amended SOA was binding on the Company and its creditors.

In accordance with the Amended SOA, the Company would obtain 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 SG\$20.3 million to its creditors.

The Amended SOA has lapsed on 30 June 2021 and the Company would 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 would 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



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the Scheme Creditors and each Scheme Creditor shall be entitled to exercise any and all of its rights, powers and remedies against the Company. The termination of the Amended SOA will have a material adverse impact on the Group's financial results in terms of earnings per share and net tangible asset value per share for the financial year ending 31 December 2021.

c) Financial support from a substantial shareholder.

The Company has received the undertaking from a substantial shareholder who would, on a best endeavour basis, provide financial support to the Group as and when required to enable the Group to continue as a going concern for the next 12 months from 1 July 2021.

The completion of the above issuance of redeemable convertible notes and Proposed SOA will also facilitate the resumption proposal to be submitted to the SGX-ST and thereafter provide better value to the stakeholders with the completion of the restructuring exercise.

Review of Statement of Cash Flows

Cash flows generated from operating activities

Net cash generated from operating activities of approximately RM0.56 million mainly arose from the operating profit before working capital of RM0.37 million and increase in trade and other payables of RM0.27 million as well as decline in trade and other receivables of RM0.15 million, offsetted partially by the increase in other asset and tax payments of approximately RM0.21 million.

Cash flows used in financing activities

Net cash used in financing activities of approximately RM0.2 million arose from the payment of lease liabilities and payment of interest during the period.

There was no cashflow from / used in investing activities for the 9 months ended 30 September 2021.

Net cash and cash equivalents increased by approximately RM0.36 million during the financial period.

6. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Results are in line with the profit guidance announcement made on 9 November 2021.

7. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In the 9 months ended 30 September 2021, the Group's business operations continue to be affected by the Covid-19 pandemic and the Movement Control Order ("MCO") measures which were implemented to curb the spread of the various Covid-19 variants. During the MCO period, revenue stream primarily derived from walk-in and delivery platforms as dine-in business was strictly not allowed.

In the next 12 months, the Covid-19 pandemic will still likely pose a threat to businesses as the fear of health and safety among consumers may still affect the business operations. Nevertheless, with the rate of vaccinations being ramped up across the Country to control the infections, the Group is hopeful that the MCO and vaccination efforts would keep the infection under control soon and businesses could eventually return to certain level of normality. The Group has been aggressively



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encouraging all its staff to register for the vaccination appointments as soon as possible in support of the country's herd immunity drive against the pandemic.

In addition, the Group will continue to monitor the consumer spending behaviour and focus on targeted strategies to drive sales. Other cost control measures such as manpower planning and overhead cost control will continue to be enforced.

With regards to the new outlet, of which work is in progress but delayed due to the MCO guidelines and restrictions, the Group has recently received the approval from the government to resume work. The new outlet is expected to open in December 2021. Moving forward, the Group plans to develop a new kiosk model which is much more efficient and scalable to cater for the current market trend.

There has not been any material update on the new kiosk model expansion and various development agreements entered into by the Group.

The Group is currently undergoing a restructure exercise to restore the financial position of the Group with an aim to submit a resumption proposal to SGX-ST for the trading of the Company's shares to resume since the suspension on 18 June 2018. Further to the extension of time up to 16 June 2020 granted by SGX-ST for the submission of a trading resumption proposal, on 11 September 2020, SGX-ST has further informed the Company that it had no objection to the Company's application for a further 12-month extension up to 15 June 2021 for the submission of a trading resumption proposal subject to certain conditions as announced on 13 September 2020. The Company is currently seeking for a further extension of time from SGX-ST of up to 15 December 2021 to submit a trading resumption proposal as the impact from the Covid-19 pandemic remains uncertain.

The trading resumption proposal would include contemplation on the viability of various acquisition targets including transactions that may result in a Reverse-Takeover (RTO) exercise. The Company had on 5 November 2021 entered into a Sale and Purchase Agreement with 3DOM Inc., in relation to the proposed acquisition of the entire issued and paid-up share capital of 3DOM (Singapore) Pte. Ltd. The Proposed Acquisition is expected to result in a RTO of the Company and is subject to, *inter alia*, the approval of shareholders of the Company at an EGM to be convened and the approval of the SGX-ST.

Details of the various parts of the restructuring exercise which includes *inter-alia* the following have been announced by the Company and are also detailed in paragraph 5 of this announcement.

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.

8. Dividend

(a) Current Financial period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial period

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.



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9. If no dividend has been declared/ recommended/ paid, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/ recommended/ paid for the nine months ended 30 September 2021 as it is important to retain its internally generated fund to sustain its Group operations and for future expansions.

10. Interested Person Transactions

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Group does not have any general mandate from shareholders for Interested Person Transactions.

The Group does not have any Interested Person Transactions during the financial period/year.

11. Negative confirmation on pursuant to Rule 705(5).

The Board of Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial statements for the nine months ended 30 September 2021 to be false, misleading in any material aspect.

12. Confirmation of undertakings pursuant to Rule 720(1)

The Company has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7H under CR 720(1) of the Catalist Rules.

By order of the Board

Ng Teck Wah
Non-Executive Chairman

Andrew Roach Reddy
Managing Director

12 November 2021

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. Liao H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271