

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

DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Board of Directors (“**Board**”) of Chaswood Resources Holdings Ltd (“**Company**”) together with its subsidiaries (“**Group**”) wishes to announce that the Company’s Independent Auditors, Moore Stephens LLP (“**Independent Auditors**”), have issued its report (“**Independent Auditor’s Report**”) on the audit of the financial statements of the Group for the financial year ended 31 December 2018 (“**Financial Statements**”), and have issued a disclaimer of opinion in the Independent Auditor’s Report.

The basis for the disclaimer of opinion was in respect of the following:

- (i) appropriateness of the going concern assumption for the Group; and
- (ii) limitation of scope on the audit of Chaswood Resources Sdn Bhd (“**CRSB**”) and its subsidiaries (collectively “**CRSB Group**”).

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

Shareholders of the Company are advised to read the Independent Auditor’s Report and the Financial Statements, which can be found in the Company’s Annual Report for FY2018 that will be despatched to shareholders in due course.

DIRECTORS’ OPINION AND BASIS

Appropriateness of the going concern assumption

The business performance of the Group has been adversely affected due to *inter-alia* sales decline and operational losses in the last few years arising from weak consumer spending, increasing cost of operations and other challenges.

With a view to regularising the financial position of the Group to protect the long-term interests of all stakeholders (including shareholders and creditors), and to submit a resumption plan to SGX-ST for the trading of the Company’s shares to resume since the suspension on 18 June 2018, the Group is undertaking a restructuring exercise which include *inter-alia*:

- (i) **Scheme of arrangement with Malaysia scheme creditors (“Malaysia SOA”)**
The Group has obtained the approval from the financial institution lenders (“Scheme Lenders”) for the Malaysia SOA during a court convened meeting held on 9 November 2018 which has been sanctioned by the court. The Malaysia SOA involves the settlement to the Scheme Lenders via (i) the realization of various assets which the Scheme Lenders have security upon including fixed deposits, residential properties, TGI Friday’s and Teh Tarik Place businesses, (ii) issuance of new shares of the Company and (iii) waiver of debt.
- (ii) **Proposed disposal of CRSB**
On 14 September 2018, the Company entered into a share sale agreement with Tremendous Asia Management Inc for the sale of 100% equity interest of CRSB and effectively CRSB’s subsidiaries, save for Bistro Italiana (TC) Sdn Bhd (“**Excluded Subsidiary**”) which operates the Italiannies brand. The proposed disposal will remove a negative of approximately RM68.4 million (based on FY2018) in shareholders’ fund of the Group and will set a more palatable platform to continue operating and expanding the

restaurant business under the Italiannies brand. The Company will also continue to explore new viable business, investment and acquisition opportunities as a complementary business or a totally new opportunity. The proposed disposal of CRSB is subject to obtaining SGX-ST's concurrence and shareholders' approval in an extraordinary general meeting to be held.

- (iii) Proposed disposal of TGI Friday's in Malaysia and Teh Tarik Place businesses**
CRSB has on 3 April 2019 entered into a share purchase agreement with Sino Hua-An International Berhad for the sale of TGI Friday's in Malaysia and Teh Tarik Place businesses for a purchase consideration of RM8.0 million. The proceeds will be utilized in accordance with the Malaysia SOA.
- (iv) Proposed issuance of redeemable convertible note ("RCN")**
The Company had entered into a binding term sheet on 26 June 2018 with Advance Opportunities Fund group of funds ("Subscriber") and Advance Capital Partners Asset Management Private Limited pursuant to which the Company proposes to issue to the Subscriber 1.0% equity-linked redeemable convertible notes due 2021 with an aggregate principal amount of up to S\$50 million. The proceeds were for the funding of the Group's future plans pursuant to the Restructuring Exercise. The term sheet has lapsed but the parties are in discussion for the extension.
- (v) Moratorium application and proposed scheme of arrangement with Singapore scheme creditors**
On 26 April 2019, the Company filed an application with the Singapore Court to obtain an order, amongst other things, that no legal action or proceedings against the Company be commenced or continued against the Company for a period of 12 weeks from the date of the order to be granted ("Moratorium"), pursuant to section 210(10) of the Act. The Singapore Court has further fixed for the Moratorium application to be heard on 9 July 2019 before a High Court Judicial Commissioner.

Further to the Moratorium application, the Company proposes to implement a scheme of arrangement ("Singapore SOA") with the creditors of the Company pursuant to section 210(1) or section 211I of the Act, as the case may be. Details of the Singapore Scheme are targeted to be finalized during the 12-week period of the Moratorium. The Singapore Scheme will address the various debt obligations owed by the Company to its creditors and to address the statutory demand dated 15 January 2019 received from the interim judicial managers of TAP Venture Fund I Pte Ltd ("TVF"), the holder of Redeemable Exchangeable Bond ("REB") issued by the Company's subsidiary, seeking a payment of S\$3 million for the principal amount of the REB which is overdue for redemption. As at the date of this announcement, the Company has yet to receive any further notices from the interim judicial managers of TVF.

Having reviewed the significance of the Disclaimer of Opinion, the Board is of the opinion that, barring unforeseen circumstances, and subject to the successful outcome of *inter-alia* the above mentioned restructuring exercise and market conditions, the Group will be able to continue as a going concern with sufficiency of working capital for its requirements for the next 12 months upon the completion of the restructuring exercise.

Limitation of scope on the audit of CRSB Group

Key considerations resulting in a disclaimer of opinion issued by the Independent Auditors on the limitation of scope on the audit of CRSB Group includes *inter-alia* the following:

- (i) Inability to obtain sufficient documentary evidence and explanations concerning the CRSB Group's litigations matters**
Replies to confirmation request by CRSB Group's auditors have been received from the

Group's appointed legal counsels. However, the replies did not address all the litigations faced by the Group as the legal counsels were not appointed to represent the Group on all the litigation cases. There were certain litigations which the Group did not defend due to the inability of the respective subsidiaries which have ceased operations to bear the legal cost.

(ii) Valuation and completeness of liabilities as replies to confirmation requests from certain creditors are outstanding

As at the date of this announcement, there are still some replies to confirmation requests from certain creditors which have yet to be received despite follow-ups. The Group will continue to follow up with these creditors on the replies.

(iii) Non-complete of the audit of the China and Indonesia subsidiaries

In view of the deteriorated performance of the China and Indonesia subsidiaries where substantial part of their businesses have ceased operations and/or scaled down during and subsequent to the financial year, there was a lack of resources particularly at the accounts department to facilitate the completion of the respective audits despite best efforts. In order not to cause a delay for the completion of the Group's financial statements for the purpose of the annual report, the Company has taken the decision to proceed with the finalization of the Group's audit without the completion of the audit for these subsidiaries.

In addition, the subsidiaries in China and Indonesia are the subsidiaries of CRSB and will not be part of the Group after the completion of the proposed disposal of CRSB. The assets of CRSB and its subsidiaries, excluding the Excluded Subsidiary, have been reclassified as asset held for sale in the financial statements. Thus, upon completion of the proposed disposal, the subsidiaries will not be part of the Group.

The Company is committed to continue working together with the Independent Auditors and the component auditors to resolve the above-mentioned matters.

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

The Board confirms that to their best knowledge, all material disclosures, facts and information have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosures misleading.

BY ORDER OF THE BOARD

ANDREW ROACH REDDY
Managing Director
3 July 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.

*The contact person for the Sponsor is Mr Liau H. K.
Telephone number: 6221 0271*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

CHASWOOD RESOURCES HOLDINGS LTD

(No: 200401894D)

(Incorporated in Singapore)

Report on the Audit of the Financial Statements

1. We were engaged to audit the financial statements of Chaswood Resources Holdings Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Disclaimer of Opinion

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

Basis for Disclaimer of Opinion

Appropriateness of the Going Concern Assumption

3. As disclosed in Note 3(a) to the financial statements, the Group incurred a loss after tax of RM9,979,000 (2017: RM68,778,000) and a total comprehensive loss of RM9,375,000 (2017: RM70,393,000) for the current financial year ended 31 December 2018. As at 31 December 2018, the Group's and Company's current liabilities exceeded their current assets by RM72,683,000 (2017: RM75,093,000) and RM48,620,000 (2017: RM 34,212,000) respectively. In addition, the Group and the Company have negative total equity of RM71,456,000 (2017: RM62,081,000) and RM48,620,000 (2017: RM34,212,000) as at 31 December 2018.

As disclosed in Note 31 to the financial statements, the Group's subsidiaries are subject to various legal proceedings brought against them and the Company has received a statutory demand for payment of S\$3,000,000 in relation to the corporate guarantee provided for the redeemable exchangeable bonds issued by Chaswood Capital Pte Ltd, a wholly-owned subsidiary of the Company. As disclosed in Note 3(a), the Group defaulted on its term loan facilities during the financial year as the Group was unable to meet the pre-requisite loan repayments as and when they fell due.

As disclosed in Note 33(a) to the financial statements, the Company made a moratorium application with the Singapore Court on 26 April 2019.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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Basis for Disclaimer of Opinion (cont'd)

Appropriateness of the Going Concern Assumption (cont'd)

4. These conditions indicate the existence of a material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Management has prepared the financial statements on a going concern basis on the assumption that the Group and the Company will continue as going concerns. The ability of the Group and the Company to continue as going concerns is dependent on certain assumptions and the successful outcome of the various efforts by the Group disclosed in Note 3(a) to the financial statements, the outcome of which is inherently uncertain.
5. In light of the material uncertainties discussed above, we do not have sufficient audit evidence regarding the use of the going concern assumption in the preparation of the financial statements. Consequently, we are unable to form a view as to the use of the going concern assumption in the preparation of these financial statements.

Limitation of scope on the audit of Chaswood Resources Sdn Bhd and its subsidiaries ("CRSB Group")

6. As disclosed in Note 19A to the financial statements, included in the Group's total assets and total liabilities is an amount of RM23,697,000 and RM89,571,000 contributed by the CRSB Group. The CRSB Group also contributed RM88,521,000 and RM96,563,000 to the Group's total revenue and total expenses.
7. As disclosed in Note 19A to the financial statements, the Group has committed plans to dispose of CRSB and certain of its subsidiaries. We were unable to obtain sufficient financial information in relation to the completeness, existence and accuracy of the liabilities of the CRSB Group as replies to confirmation requests from certain creditors are outstanding. In addition, we are unable to obtain sufficient documentary evidence concerning the status of CRSB Group's litigation matters. We were unable to perform alternative audit procedures in relation to the above matters.
8. As at the date of this report, the component auditors of PT Chaswood Resources and its subsidiaries, Chaswood Restaurant Management (Beijing) Co. Ltd and Yi Jun Restaurant Management (Shanghai) Co. Ltd were unable to complete their audit work.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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Responsibilities of Management and Directors for the Financial Statements

9. As a result of the matters described in paragraphs 7 and 8 above, we were unable to obtain sufficient appropriate audit evidence on the completeness, existence and accuracy of the amounts recorded and classified as assets and liabilities directly associated with the disposal group to be sold as well as the loss for the year from discontinued operations. Consequently, we are unable to determine whether any adjustments and/or additional disclosures to the financial statements was necessary.
10. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) (the "SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.
11. 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.
12. The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

13. Our responsibility is to conduct an audit of the Company's financial statements 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.
14. We are independent of the Company 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHASWOOD RESOURCES HOLDINGS LTD
(No: 200401894D)**

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Report on Other Legal and Regulatory Requirements

15. In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.
16. The engagement partner on the audit resulting in this independent auditor's report is Ms Lao Mei Leng.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore

3 July 2019

CHASWOOD RESOURCES HOLDINGS LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (“FRSs”). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are prepared in Ringgit Malaysia (RM), which is the functional currency of the Company. All financial information presented in Ringgit Malaysia have been rounded to the nearest thousand, unless otherwise stated.

Going concern

The Group incurred a loss after tax of RM9,979,000 (2017: RM68,778,000) and a total comprehensive loss of RM9,375,000 (2017: RM70,393,000) for the current financial year ended 31 December 2018. As at 31 December 2018, the Group’s and Company’s current liabilities exceeded their current assets by RM72,683,000 (2017: RM75,093,000) and RM48,620,000 (2017: RM34,212,000) respectively. In addition, the Group and the Company have negative total equity of RM71,456,000 (2017: negative total equity of RM62,081,000) and RM48,620,000 (2017: RM34,212,000) for the current financial year ended 31 December 2018 respectively.

The Group is also currently undergoing a restructuring exercise to address its deteriorated financial position.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore they may not be able to realise their assets and discharge their liabilities in the normal course of business.

Nevertheless, in the preparation of the financial statements, management believes that the use of the going concern assumption is appropriate after taking into consideration the following factors:

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

(a) Basis of Presentation (cont'd)

Going concern (cont'd)

- Proposed Disposal of Chaswood Resources Sdn. Bhd. and its subsidiaries (“CRSB Group”)

On 14 September 2018, the Group entered into a share sale agreement with Tremendous Asia Management Inc. (“TAMI”) for the sale of 100% equity interest of Chaswood Resources Sdn. Bhd. (“CRSB”) (the “Proposed Disposal 1”). The sole shareholder of TAMI is Tremendous Asset Partners Ltd (“TAP”) and the sole director is Mr Ng Teck Wah, who is the Non-Executive Chairman of the Company and also a director of CRSB.

The Proposed Disposal 1 is a divestment of the Company’s 100% equity interest of CRSB and effectively CRSB’s subsidiaries, save for Bistro Italiana (TC) Sdn Bhd. (“Excluded Subsidiary”). During the financial year ended 31 December 2018, the CRSB Group subject to disposals (Note 19A) contributed a loss after tax of RM8,467,000 (2017: RM66,164,000). The net liabilities relating to the CRSB Group subject to disposals (Note 19B) amounted to approximately RM65,100,000 as at 31 December 2018.

- Term Loan Facilities

The Group defaulted on its term loan facilities during the financial year as the Group was unable to meet the pre-requisite loan repayments as and when they fell due. The outstanding balance as at 31 December 2018 amounted to approximately RM17,228,000 (2017: RM16,729,000) as included in liabilities directly associated with assets classified as held for sale as disclosed in Note 19B to the financial statements.

The Group has obtained the approval from the financial institution lenders (“Scheme Lenders”) for the Malaysia Scheme of Arrangement (“SOA”) during a court convened meeting (“CCM”) held on 9 November 2018 of which the court has granted sanction to the results of the CCM on 14 January 2019. The proposed settlement to the Scheme Creditors under the SOA comprises upliftment of fixed deposits, sale of residential properties, sale of TGI Friday’s and Teh Tarik Place businesses, issuance of new shares of the Company and waiver of debt. The Group is in the midst of implementing the SOA.

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NOTES TO THE FINANCIAL STATEMENTS
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3. Summary of Significant Accounting Policies (cont'd)

(a) Basis of Presentation (cont'd)

Going concern (cont'd)

- Exchangeable Bonds

The Company and its wholly-owned subsidiary Chaswood Capital Pte. Ltd. (the “Issuer”) had on 30 September 2013 entered into a legally binding term sheet (the “Term Sheet”) with TAP Venture Fund I Pte. Ltd. (the “Investor”) in relation to the proposed issuance of an aggregate principal amount of SGD3,000,000 redeemable exchangeable bonds (the “Exchangeable Bonds”) by the Issuer to the Investor at the issue price of SGD500,000 per Exchangeable Bond. Further to the Term Sheet, the Company, the Issuer and the Investor entered into an exchangeable bond agreement on 29 November 2013.

Subsequent to the prior financial year ended 31 December 2017, the Group entered into a supplemental Exchangeable Bond Agreement (the “Agreement”) with the Investor and the Agreement states that the maturity date of the Exchangeable Bond shall be postponed from 23 April 2017 to 23 April 2018. As at 31 December 2018, the outstanding exchangeable bonds amounting to RM9,466,000 (2017: RM9,211,000) have been reclassified to liabilities directly associated with assets classified as held for sale.

The Company received a statutory demand dated 15 January 2019 from the interim judicial managers of the Investor, seeking a payment of SGD3,000,000 for the principal amount of the REB which is overdue for redemption. As at the date of these financial statements, the Company has yet to receive any further notices from the interim judicial managers of the Investor.

The Company had on 26 April 2019 filed an application with the High Court of the Republic of Singapore (“Court”) to obtain an order, amongst other things, that no legal action or proceedings against the Company be commenced or continued against the Company for a period of 12 weeks from the date of the order to be granted (“Moratorium”), pursuant to section 210(10) of the Act pending the Company filing an application under section 210(1) or section 211I of the Act, as the case may be, except by leave of the Court and subject to such terms as the Court imposes (“Moratorium Application”). The Court has fixed for the Moratorium Application to be heard on 9 July 2019 before a High Court Judicial Commissioner (“Hearing”).

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

(a) Basis of Presentation (cont'd)

Going concern (cont'd)

Further to the Moratorium Application, the Company proposes to implement a scheme of arrangement (“Scheme”) with the creditors of the Company pursuant to section 210(1) or section 211I of the Act, as the case may be. Details of the Scheme are targeted to be finalized during the 12-week period of the Moratorium if the Moratorium is granted at the Hearing. The Scheme will address the various debt obligations owed by the Company to its creditors and the statutory demand received from the interim judicial managers of the Investor.

- **Earn-Out Payable**

Earn out payables of the Group included in liabilities directly associated with assets classified as asset held for sale (Note 19B) as disclosed in Note 22F to the financial statements, relates to the balance purchase price for the acquisition of Beijing TGIF and Yi Jun Restaurant Management (Shanghai) Co. Ltd. which shall be payable in three (3) equal instalments due on 15 April 2016, 2017 and 2018 respectively subject to certain terms and conditions as stated in the sales and purchase agreement (“SPA”) dated 20 April 2015.

As at 31 December 2018, all three (3) instalments totalling approximately RM 5,630,000 (2017: RM5,630,000) of which the Group has yet to settle.

The Group is currently in negotiations with the franchise holder to seek an amicable solution to the overdue earn-out payable and whilst the negotiations remain on-going as at the date of the financial statements, management is confident of a positive outcome. In addition, upon disposal of CRSB Group, the earn-out payable will not be part of the Group given that it is part of the liabilities of CRSB Group.

- **Outstanding Rental Payable**

The Group is currently in negotiations with the relevant landlords of the remaining operating outlets in relation to certain outstanding rental payables.

Management is confident that an amicable settlement plan will be reached with these landlords to enable the Group to fulfill its rental obligations and for the respective outlets to continue their operations. As disclosed in Note 31 to the financial statements, certain landlords of the closed outlets had entered into legal proceedings against the respective subsidiaries.

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19. Discontinued Operations

19A. Loss for the year from discontinued operations

Chaswood Resources Sdn Bhd (“CRSB”) and its subsidiaries (collectively, the “CRSB Group”) contributed RM23,697,000 of assets and RM89,571,000 of liabilities to the Group. The CRSB Group also contributed RM88,521,000 and RM96,563,000 to the Group’s total revenue and total expenses for the financial year ended 31 December 2018. As part of the Group’s business rationalization strategy and proposed settlement plan for the Scheme with the Scheme Creditors (Note 3a), the Group had entered into committed plans to dispose CRSB and its subsidiaries as follows:

(i) Proposed disposal of CRSB

On 14 September 2018, the Group entered into a share sale agreement with Tremendous Asia Management Inc. (“TAMI”) for the sale of 100% equity interest of CRSB (the “Proposed Disposal 1”) for a cash consideration of RM10.00. The Proposed Disposal is a divestment of the Company’s 100% equity interest of CRSB and effectively CRSB’s subsidiaries, save for Bistro Italiana (TC) Sdn. Bhd. (“Excluded Subsidiary”), and is subject to and on condition that the Company ultimately retains ownership of the Excluded Subsidiary. The assets and liabilities related to the Proposed Disposal 1 have been reclassified to assets and liabilities held for sale.

(ii) Proposed disposal of CRSB’s subsidiaries which own the TGI Friday’s in Malaysia and Teh Tarik Place businesses.

On 22 November 2018, the Group entered into a binding term sheet with Sino Hua-An International Berhad (“SHA”) for the sale of 100% equity interest of certain subsidiaries of CRSB 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 2”). Further to the binding term sheet, CRSB has on 3 April 2019 entered into a share purchase agreement with SHA.

The Proposed Disposal 2 will be effected via the sale of 100% equity interest in Bistromalones (PJ) Sdn Bhd (the investment holding company which will own the subsidiaries listed below) to the Purchaser. The assets and liabilities related to the Proposed Disposal 2 of CRSB which own the Target Businesses have been reclassified to assets and liabilities held for sale.

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19. Discontinued Operations (cont'd)

19A. Loss for the year from discontinued operations (cont'd)

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

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19. Discontinued Operations (cont'd)

19A. Loss for the year from discontinued operations (cont'd)

The combined results of the discontinued operations included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below.

	Group	
	2018	2017
	RM'000	RM'000
<i>Loss for the year from discontinued operations</i>		
Revenue	84,918	134,206
Cost of sales	(27,188)	(44,548)
Administrative expenses	(59,879)	(95,097)
Other operating expenses	(2,960)	(58,103)
Finance costs	(3,358)	(2,622)
Loss for the year from discontinued operations	(8,467)	(66,164)
<i>Cash flows from discontinued operations</i>		
Net cash (outflows)/inflows from operating activities	(4,576)	3,517
Net cash inflows from investing activities	64	229
Net cash inflows/(outflows) from financing activities	1,732	(4,618)
Net cash outflows	(2,780)	(872)
<i>Loss before income tax</i>		
Discontinued operations		
This is arrived at after charging/(crediting):		
Included in administrative expenses:		
Audit fees	472	633
Employee benefits expenses	23,435	37,741
Rental of apartments, office premises and storage	1,279	1,950
Rental of restaurant premises	18,897	30,934
Repairs and maintenance	1,917	1,732
Included in other operating expenses:		
Depreciation of property and equipment	1,040	6,294
Amortisation of franchise agreement cost	25	495

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**NOTES TO THE FINANCIAL STATEMENTS
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31. Litigation

- (i) On 24 May 2017, the landlord, namely MTrustee Berhad, commenced legal proceedings to foreclose and dispose of the Bistroamericana (SJ) Sdn. Bhd.'s assets at the leased premises for its restaurant located at Subang Parade Shopping Centre via public auction to recover outstanding rent owing to the landlord pursuant to the associated tenancy agreement. The public auction took place on 10 July 2017 and Bistroamericana (SJ) Sdn. Bhd.'s assets at the demised premises were disposed of to a third party bidder/purchaser.

On 10 October 2017, MTrustee Berhad, commenced legal proceedings to recover vacant possession of the landlord's leased premises to recover an outstanding amount of RM773,000 owing to the landlord pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. The amount payable, inclusive of interest payable accrued up until to report date is estimated at RM868,000. No payment has been made in respect of this to-date.

Bistroamericana (SJ) Sdn. Bhd. received a sealed winding up petition dated 17 October 2018 pursuant to Rule 25(1) of the Companies (Winding-up) Rules 1972 from the solicitors representing MTrustee Berhad pertaining to the amount owing by Bistroamericana (SJ) Sdn. Bhd. to the landlord for the amount of RM879,037 together with claims for interest until payment and legal costs. The court fixed a date for a hearing pertaining to the winding up petition on 12 February 2019.

- (ii) On 9 January 2018, the landlord, namely Jelas Puri Sdn. Bhd., commenced legal proceedings to recover outstanding amounts owing to the landlord in respect of the premises leased by Bistroamericana (PM) Sdn. Bhd. for its restaurant located at Paradigm Mall pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. The company did not defend against the legal action. Judgment was obtained by the landlord against the company on 8 February 2018 for a sum of RM595,000 together with interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until the report date is estimated at RM634,000. No payment has been made in respect of this to-date.

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31. Litigation (cont'd)

On 16 July 2018, Bistroomericana (PM) Sdn. Bhd. received a notice pursuant to Section 465 and 466 of the Companies Act, 2016 from the solicitors representing Jelas Puri Sdn. Bhd. seeking a payment of RM626,255 pursuant to a judgement obtained on 8 February 2018 within 21 days from the date of receipt of the notice. Upon the expiry of the said 21 days period, Jelas Puri Sdn. Bhd. is entitled to file in Court, a petition to wind up Bistroomericana (PM) Sdn. Bhd. within 6 months from the expiry of the 21 days period. No payment has been made in respect of this and no further notices have been received from Jelas Puri Sdn. Bhd. to-date.

On 10 January 2018, the landlord, namely Jelas Puri Sdn. Bhd., commenced legal proceedings to recover outstanding amounts owing to the landlord in respect of the premises leased by Bistroitaliana (PM) Sdn. Bhd. for its restaurant located at Paradigm Mall pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. The company did not defend against the legal action. Judgment was obtained by the landlord against the company on 8 February 2018 for a sum of RM752,000 together with interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until to report date is estimated at RM800,000. No payment has been made in respect of this to-date.

On 16 July 2018, Bistroitaliana (PM) Sdn. Bhd. received a notice pursuant to Section 465 and 466 of the Companies Act, 2016 from the solicitors representing Jelas Puri Sdn. Bhd. seeking a payment of RM784,647 pursuant to a judgement obtained on 8 February 2018 within 21 days from the date of receipt of the notice. Upon the expiry of the said 21 days period, Jelas Puri Sdn. Bhd. is entitled to file in Court, a petition to wind up Bistroitaliana (PM) Sdn. Bhd. within 6 months from the expiry of the 21 days period. No payment has been made in respect of this and no further notices have been received from Jelas Puri Sdn. Bhd. to-date.

- (iii) On 10 January 2018, the landlord, namely Jelas Puri Sdn. Bhd., commenced legal proceedings to recover outstanding amounts owing to the landlord in respect of the premises leased by the Bulgogi Brothers Restaurants Sdn. Bhd. for its restaurant located at Paradigm Mall pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. The company did not defend against the legal action. Judgment was obtained by the landlord against the company on 8 February 2018 for a sum of RM491,000 together with interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until to report date is estimated at RM523,000. No payment has been made in respect of this to date.

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31. Litigation (cont'd)

On 16 July 2018, Bulgogi Brothers Restaurants Sdn. Bhd. received a notice pursuant to Section 465 and 466 of the Companies Act, 2016 from the solicitors representing Jelas Puri Sdn. Bhd. seeking a payment of RM512,688 pursuant to a judgement obtained on 8 February 2018 within 21 days from the date of receipt of the notice. Upon the expiry of the said 21 days period, Jelas Puri Sdn. Bhd. is entitled to file in Court, a petition to wind up Bulgogi Brothers Restaurants Sdn. Bhd. within 6 months from the expiry of the 21 days period. No payment has been made in respect of this and no further notices have been received from Jelas Puri Sdn. Bhd. to-date.

- (iv) On 16 January 2018, the landlord namely Couture Homes Sdn. Bhd., commenced legal proceedings against Bistro Italiana (SJ) Sdn. Bhd. to foreclose and dispose of the tenant's assets at the leased premises for its restaurant located at Empire Gallery Shopping Centre via public auction to recover outstanding rent owing to the landlord pursuant to the associated tenancy agreement. The public auction took place on 10 April 2018 and the tenant's assets at the demised premises were disposed of to a third party bidder/purchaser. The amount payable as recorded in the financial statements of the Group, inclusive of interest payable accrued up until to-date is RM496,000. No payment has been made in respect of this to-date.

No further notices have been received from Couture Homes Sdn. Bhd. to date.

- (v) On 27 March 2017, the landlord, namely Trend Masters Sdn. Bhd., commenced legal proceedings to recover losses and damages allegedly caused to the landlord's premises due to water leakage. The landlord withdrew action against Chaswood Resources Sdn. Bhd. with liberty to file afresh on 6 April 2018.

On 17 July 2018, Trend Masters Sdn. Bhd. commenced legal proceedings against Bistroomericana (BB) Sdn. Bhd. to recover losses and damages allegedly caused to its premises due to water leakage from Bistroomericana (BB) Sdn. Bhd.'s restaurant located at Pavilion Mall. Trend Masters Sdn. Bhd. has previously withdrawn their action against Chaswood Resources Sdn Bhd on 6 April 2018 and has instead filed afresh against Bistroomericana (BB) Sdn. Bhd..

During the case management held on 14 February 2019, the parties had recorded consent judgement whereby the insurer of Bistroomericana (BB) Sdn. Bhd. has agreed to solely pay an agreed sum of RM65,267 to Trend Masters Sdn. Bhd. as full and final settlement of this matter.

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31. Litigation (cont'd)

- (vi) On 24 April 2018, the landlord, namely Couture Homes Sdn. Bhd., commenced legal proceedings to recover vacant possession of the landlord's leased premises for its restaurant located at Empire Gallery Shopping Centre and to recover outstanding amounts owing to the landlord pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. Teh Tarik Place (SA) Sdn. Bhd. did not defend against the legal action. Judgment was obtained by the landlord against the company on 16 May 2018 for vacant possession of demised premises and a sum of RM62,000 together with double rental until vacant possession, interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until to report date is RM63,000. No payment has been made.

On 26 November 2018, Couture Homes Sdn. Bhd. has obtained a garnishee order against Chaswood Resources Sdn Bhd from the Court to recover an outstanding amount of RM411,003 owing by Teh Tarik Place (SA) Sdn. Bhd. to Couture Homes Sdn. Bhd. pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs.

- (vii) On 10 April 2018, Putrajaya Holdings Sdn. Bhd. commenced legal proceedings to recover outstanding amounts owing to the landlord in respect of the premises leased by the landlord for its restaurant located at Alamanda Mall pursuant to the associated tenancy agreement together with claims for interest until payment and legal costs. Bistro Italiana (JB) Sdn. Bhd. did not defend against the legal action. Judgment obtained by the landlord against Bistro Italiana (JB) Sdn. Bhd on 22 May 2018 for the sum of RM51,000 together with interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until to-date is estimated at RM52,000. No payment has been made in respect of this to-date.

Bistro Italiana (JB) Sdn. Bhd. received a letter of notification dated 14 April 2019 from the solicitors representing Putrajaya Holdings Sdn. Bhd. that the Official Receiver has been appointed as the liquidator of Bistro Italiana (JB) Sdn. Bhd. on a court order granted on 14 March 2019 ("Court Order") by the High Court of Malaysia ("Court"). Based on the Court Order, Bistro Italiana (JB) Sdn. Bhd. has been wound up by the Court pursuant to the provisions under the Companies Act, 2016.

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31. Litigation (cont'd)

- (viii) On 9 March 2018, the landlord, namely MTrustee Berhad, commenced legal proceedings to foreclose and dispose of Bistro Italiana (TG) Sdn. Bhd.'s assets at the leased premises for its restaurant located at The Gardens Mall via public auction to recover outstanding rent owing to the landlord pursuant to the associated tenancy agreement. The public auction took place on 16 May 2018 and Bistro Italiana (TG) Sdn. Bhd.'s assets at the demised premises were disposed of to a third party bidder/purchaser. The amount payable as recorded in the financial statements of the Group, inclusive of interest payable accrued up until to-date and the disposal value to a third party bidder/purchaser is RM188,000. No payment has been made in respect of this to date.

No further notices has been received from MTrustee Berhad to date.

- (ix) The Company received a statutory demand of payment under section 254(2)(a) of the Companies Act (Cap 50) dated 15 January 2019 from the solicitors representing the interim judicial managers of TAP Venture Fund I Pte Ltd ("TVF"), seeking a payment of S\$3,000,000 ("Demand Payment") within 21 days from the date of receipt of the statutory demand of payment. Upon the expiry of the said 21 days period, TVF is entitled to file in Court, a petition to wind up the Company.

The Demand Payment is in relation to the corporate guarantee provided by the Company for the subscription by TVF of the redeemable exchangeable bonds ("REB") issued by Chaswood Capital Pte Ltd, a wholly owned subsidiary of the Company, over 3 tranches on 25 April 2014, 5 December 2014 and 27 January 2015. The maturity date of the REB was due on 23 April 2018 and no redemption had been made.

The Company had various discussions with TVF on a proposed settlement but no conclusion has been reached. Notwithstanding the receipt of the statutory demand for payment, the Company will continue to engage with the interim judicial managers of TVF in order to reach a satisfactory resolution to all stakeholders. As to date, the Company has yet to receive any further notices from TVF and no payment has been made.

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31. Litigation (cont'd)

- (x) On 15 November 2018, MCL Land (Malaysia) Sdn Bhd commenced legal proceedings against Bistromericana (WW) Sdn. Bhd. to recover an outstanding amount of RM73,953 owing to MCL Land (Malaysia) Sdn Bhd pursuant to the associated tenancy agreement together with claims for interest until payment and legal cost. On 17 January 2019, MCL Land (Malaysia) Sdn Bhd obtained a judgement from the court to recover outstanding amount of RM76,552 owing. No payment has been made in respect of this to date.
- (xi) On 31 October 2018, Greenhill Resources Sdn Bhd commenced legal proceedings against Bistromericana (SA) Sdn. Bhd. to recover an outstanding amount of RM654,505 owing to Greenhill Resources Sdn Bhd pursuant to the associated tenancy agreement together with claims for interest until payment and legal costs. Bistromericana (SA) Sdn. Bhd. received a sealed winding up petition dated 7 May 2019 from the solicitors representing the Plaintiff pertaining to the amount owing by Bistromericana (SA) Sdn. Bhd. to Greenhill Resources Sdn Bhd for the amount of RM654,505 together with claims for interest until payment is made and legal costs. The Court has fixed for a court hearing pertaining to the winding up petition on 30 July 2019.
- (xii) Public Performance Malaysia Sdn. Bhd. commenced legal proceedings against the following companies and has obtained judgement from the Court to recover outstanding amounts owing to Public Performance Malaysia Sdn. Bhd. in respect of license fees together with interest until payment and legal costs:

Defendant	Outstanding amount (RM)	Court order date
Bistromericana (SJ) Sdn Bhd	6,360.00	27 February 2019
Bistromericana (SA) Sdn Bhd	7,692.98	5 March 2019
Bistromericana (A) Sdn Bhd	7,701.69	5 March 2019
Bistromericana (M) Sdn Bhd	6,360.00	4 March 2019
Bistromericana (TC) Sdn Bhd	7,876.85	19 March 2019
Bistro Italiana (SJ) Sdn Bhd	10,562.31	20 March 2019
Bistromericana (Hartamas) Sdn Bhd	5,879.36	20 March 2019
Bistromericana (PM) Sdn Bhd	7,692.98	19 March 2019
Bistromericana (SP) Sdn Bhd	6,772.64	19 March 2019
Bulgogi Brothers Restaurants Sdn Bhd	5,512.00	10 May 2019
The Apartment (BB) Sdn. Bhd	9,360.00	9 November 2018
Bistromericana (BU) Sdn Bhd	6,011.12	7 March 2019
Bistromericana (QB) Sdn Bhd	6,542.95	28 February 2019

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31. Litigation (cont'd)

Public Performance Malaysia Sdn. Bhd. also commenced legal proceedings against Chaswood Resources Sdn Bhd to recover an outstanding amount of RM6,639 owing to Public Performance Malaysia Sdn. Bhd. in respect of license fees together with interest until payment and legal costs. No payment has been made in respect of this to date.

- (xiii) On 23 November 2018, Tenaga Nasional Berhad commenced legal proceedings against Chaswood Resources Sdn. Bhd. to recover outstanding amount of RM25,758 owing to Tenaga Nasional Berhad pursuant to the supply of electricity together with claims for interest until payment is made and legal cost. During a case management held on 10 January 2019, the parties have reached an amicable settlement out of Court and consent judgement has been filed.
- (xiv) Shanghai Taifu Trade Co., Ltd. had on 21 January 2019 commenced legal proceedings against Yi Jun Restaurant Management (Shanghai) Co. Ltd. to recover an outstanding amount of RMB46,431 owing to the Plaintiff in respect of supply of goods together with interest until the date of court judgement. No payment has been made in respect of this to date.
- (xv) Shanghai Youyuan Foods Co., Ltd. had on 8 January 2019 filed to the Court its claims to recover an outstanding amount owing by Yi Jun Restaurant Management (Shanghai) Co. Ltd. to Shanghai Youyuan Foods Co., Ltd. in respect of supply of goods. No payment has been made in respect of this to date.

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33. Subsequent Event

(a) Application for Moratorium in Singapore

The Company had on 26 April 2019 filed an application with the High Court of the Republic of Singapore (“Court”) to obtain an order, amongst other things, that no legal action or proceedings against the Company be commenced or continued against the Company for a period of 12 weeks from the date of the order to be granted (“Moratorium”), pursuant to section 210(10) of the Act pending the Company filing an application under section 210(1) or section 211I of the Act, as the case may be, except by leave of the Court and subject to such terms as the Court imposes (“Moratorium Application”). The Court has fixed for the Moratorium Application to be heard on 9 July 2019 before a High Court Judicial Commissioner (“Hearing”).

Further to the Moratorium Application, the Company proposes to implement a scheme of arrangement (“Scheme”) with the creditors of the Company pursuant to section 210(1) or section 211I of the Act, as the case may be. Details of the Scheme are targeted to be finalized during the 12-week period of the Moratorium if the Moratorium is granted at the Hearing. The Scheme is necessary to address the various debt obligations owed by the Company to its creditors and is a critical part of the Company’s restructuring process.