

# CHASWOOD RESOURCES HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200410894D)

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## PROPOSED ISSUANCE OF 1% EQUITY-LINKED REDEEMABLE CONVERTIBLE NOTES DUE 2022 IN AGGREGATE PRINCIPAL AMOUNT OF S\$50,000,000 (“PROPOSED NOTES ISSUE”)

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*Unless otherwise defined, all capitalized terms used in this announcement shall bear the same meanings as in the Company’s announcement dated 26 June 2018 and 10 April 2019 (“Previous Announcements”).*

### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Chaswood Resources Holdings Ltd. (the “**Company**”) refers to the Previous Announcements with regards to the lapse of the term sheet dated 26 June 2018 entered into by the Company with Advance Capital Partners Asset Management Private Limited.

The Board wishes to announce that the Company has on 31 July 2019 entered into a new binding term sheet (the “**Term Sheet**”) with Advance Opportunities Fund, a proprietary fund established in the Cayman Islands (“**Subscriber**”) pursuant to which the Company proposes to issue to the Subscriber 1.0% equity-linked redeemable convertible notes due 2022 (“**RCN**” or “**Notes**”) with an aggregate principal amount of up to S\$50,000,000 (“**Proposed Notes Issue**”).

Pursuant to the Term Sheet, the Company and the Subscriber (collectively, the “**Parties**” and each, a “**Party**”) have entered into negotiations on the terms and conditions of the Proposed Notes Issue, with the objective of finalizing and entering into a subscription agreement (“**Subscription Agreement**”) and other related documents in respect of the Proposed Notes Issue.

### 2. SALIENT TERMS OF THE PROPOSED NOTES ISSUE

Pursuant to the Term Sheet, the Parties envisage that the principal terms of the Proposed Notes Issue shall include the terms set out below:

#### 2.1 Issue Size

The Notes will be issued by the Company to the Subscriber in the following manner:

- (i) the first tranche will be S\$10 million comprising 40 equal sub-tranches of S\$250,000 each (“**Tranche 1**”);
- (ii) the second tranche will be S\$10 million comprising 40 equal sub-tranches of S\$250,000 each (“**Tranche 2**”);
- (iii) the third tranche will be S\$10 million comprising 20 equal sub-tranches of S\$500,000 each (“**Tranche 3**”); and
- (iv) the fourth tranche will be S\$20 million comprising 40 equal sub-tranches of S\$500,000 each (“**Tranche 4**”).

The Company shall have the sole discretion to call upon subsequent tranches of Notes at any time from and including the completion of conversion of the preceding tranches to and including the tenth business day thereafter.

The Subscriber shall have the discretion to call upon subsequent multiple sub-tranches of the Notes notwithstanding that all the preceding sub-tranches Notes have not been fully converted.

## 2.2 Closing Dates and Tenure

The closing dates of the Proposed Notes Issue are as follows:

- (i) Tranche 1: The completion of the drawdown for first sub-tranche of Tranche 1 (the “**Initial Closing Date**”)
- (ii) Tranche 2: The completion of the drawdown for first sub-tranche of Tranche 2
- (iii) Tranche 3: The completion of the drawdown for first sub-tranche of Tranche 3
- (iv) Tranche 4: The completion of the drawdown for first sub-tranche of Tranche 4

The tenure of the Notes is 36 months from the Initial Closing Date.

## 2.3 Method of Issue

The Notes will be privately placed to and purchased by the Subscriber. No offering circular or information memorandum will be issued by the Company for the Proposed Notes Issue.

## 2.4 Conversion Terms and Price

The Notes must be converted into shares (“**Conversion Shares**”). The Subscriber, however, has the discretion anytime from and including the respective Closing Dates of the tranches up to the close of business on the day falling one week prior to the final maturity date, to decide on the dates to convert the Notes.

The Conversion Price at the discretion of the Subscriber shall be 80% of the average of the closing prices per share on any three consecutive business days during the 45 business days immediately preceding the relevant conversion date of the Notes (the “**Conversion Price**”).

## 2.5 Redemption Option

The Company may redeem the Notes presented for conversion in cash at the Redemption Amount (defined below) if the Conversion Price is less than or equal to 65% of the daily volume weighted average price per share for the 45 consecutive business days period prior to, in respect of the relevant closing dates.

The Redemption Amount is calculated according to the following formula:

$$N \times \{P + [8\% \times P \times (D/365)] + I\}$$

Where,

“D” the amount of days elapsed since the closing date;

“N” the amount of Notes presented for conversion, and;

“P” the face value of the Notes presented for conversion.

“I” the remaining unpaid interest accrued on the Notes presented for conversion

## 2.6 Administrative Fee

An administrative fee of 6% flat of the aggregate principal amounts subscribed of each sub-tranche is payable by the Company upon drawdown of each respective sub-tranche, by deduction from the principal amounts subscribed upon each drawdown.

## **2.7 Cancellation Fee**

The Company shall be liable to a cancellation fee of S\$50,000 should the Company decide not to proceed with the signing of the Subscription Agreement after signing of the Term Sheet, provided that such cancellation fee shall be waived if the Company does not obtain the requisite approval from Singapore Exchange Securities Trading Limited (“SGX-ST”) and/or its shareholders.

## **2.8 Legal and other expense**

The Company shall pay for the Subscriber’s legal costs in respect of the preparation of documentation related to the Term Sheet. The legal costs are to be paid by the Company regardless of whether the Proposed Notes Issue is consummated.

## **2.9 Validity**

The terms and conditions in the Term Sheet shall be valid and effective until 31 August 2019 or such other date as the Subscriber and the Company may agree. For the avoidance of doubt, upon the lapse of the Term Sheet, the Term Sheet shall cease to be binding on all parties, other than the clauses relating to the cancellation fee, confidentiality, legal and other expenses and governing law, which shall continue to subsist.

## **2.10 Rationale and Use of Proceeds**

The Company is undertaking the Proposed Notes Issue to strengthen its financial and general working capital. Prior to entering into the Proposed Notes Issue, the Directors had considered other funding alternatives. However, in view of the Group’s current financial performance and position, the Group has not been able to secure other meaningful source of funding.

## **3 DIRECTORS' VIEW**

The Board has explored various alternative sources of financing possibilities but was unable to obtain any alternative financing for the Group in view of its current financial position and performance. Thus, the Board is of the view that the Proposed Notes Issues is in the best interest of the Company and its shareholders as it will ensure the ability of the Group to continue to operate as a going concern.

The Directors are satisfied after the review of the Term Sheet and legal advice, that the execution of such term sheet and the issuance of the Notes and/or Conversion Shares will not contravene any laws and regulations and that the requisite approval from SGX-ST and the Company’s Shareholders will be required.

## **4 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Notes Issue, other than through their respective shareholdings in the Company. None of the Directors or controlling Shareholders of the Company or their respective associates has any connection (including business relationship) with the Subscriber.

## **5 FURTHER INFORMATION**

Subject to the execution of the Subscription Agreement and the approval of the SGX-ST, the Company intends to seek shareholders’ approval in relation to the Proposed Notes Issue and a circular to the Company’s shareholders containing, inter alia, the notice of the extraordinary general meeting and details of the terms and conditions of the Proposed Notes Issue will be dispatched to the Company’s shareholders in due course.

The Company will make further announcements upon the execution of the Subscription Agreement or when there are material developments in respect of the Proposed Notes Issue.

The Company will make further disclosures in a separate announcement and/or circular at later date in compliance with the applicable requirements of the Listing Manual of the SGX-ST Section B: Rules of Catalist (“**Catalist Rules**”), and, where applicable, the Singapore Code on Take-overs and Mergers. Furthermore, the Proposed Notes Issue and issuance and allotment of the Conversion Shares are subject to compliance with all rules, regulations and requirements imposed by the SGX-ST.

Further details of the Proposed Notes Issue including, *inter-alia*, dilution impact, financial effects, risk factors, restrictions and pre-emptive rights, minimum conversion price or floor price and the maximum number of will be disclosed in due course via a separate announcement and/or a circular.

The Company undertakes that it will comply with relevant requirements of the Catalist Rules including but not limited, where applicable, to seek Shareholders’ approval for, inter alia, the Proposed Notes Issue, issuance of Conversion Shares to controlling interest and transfer of controlling interest.

## **6 DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Notes Issue, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

By Order of the Board

ANDREW ROACH REDDY  
Managing Director  
31 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.*

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