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

PROPOSED ACQUISITION OF THE ENTIRE PAID-UP SHARE CAPITAL OF YI JUN RESTAURANT MANAGEMENT (SHANGHAI) CO., LTD. AND BEIJING TGI FRIDAY'S RESTAURANT CO. LTD

PROPOSED DEVELOPMENT OF TGI FRIDAY'S RESTAURANT FRANCHISE IN BEIJING, TIANJIN AND SHANGHAI, AND JIANGSU AND ZHEJIANG PROVINCES, CHINA

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1. INTRODUCTION

1.1 Proposed Acquisition

The Board of Directors ("**Board**") of Chaswood Resources Holdings Ltd. (**"Company**") is pleased to announce that the Company's wholly-owned subsidiary, Chaswood Resources Sdn. Bhd. ("**Chaswood Malaysia**") has on 24 December 2014 entered into written agreements (collectively, the "**Share Purchase Agreements**"), with TGI Friday's Inc. ("**TGIFI**"), to acquire the entire share capital of two of its wholly owned subsidiaries incorporated in China, namely, Yi Jun Restaurant Management (Shanghai) Co., Ltd. (亿骏餐饮管理(上海)有限公司) ("**TGIF Shanghai**") and Beijing TGI Friday's Restaurant Co. Ltd (北京星期五餐饮有限公司) ("**TGIF Beijing**") (collectively, the "**Target Companies**"), for an aggregate consideration of approximately RMB 24.4 million (or approximately RM12.93 million[1]) ("**Purchase Price**"), subject to the terms and conditions of the Share Purchase Agreement ("**Proposed Acquisition**"). Upon completion of the Proposed Acquisition, each of the Target Companies will become indirect wholly-owned subsidiaries of the Company.

1.2 Related Transactions

In conjunction with the completion of the Proposed Acquisition ("**Completion**"), the following transactions shall take place ("**Related Transactions**"):

(a) <u>Revised Franchise Agreements</u>

Chaswood Malaysia shall take over the pre-existing franchise agreements between TGIFI and each of TGIF Beijing and TGIF Shanghai consisting of up to 5 TGIF

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[1] Unless otherwise stated, conversion of foreign exchange is based on the following rates as of 23 December 2014 and is provided for reference only:

RMB1 : RM0.53

Beijing restaurants and 1 TGIF Shanghai restaurant respectively, subject to certain revisions relating to, *inter alia*, the revised duration of the franchise, as well as the renewal and royalty fee payments.

(b) New Development Agreement

Chaswood Malaysia will enter into a development agreement with TGIFI for the exclusive right to develop and operate up to 17 new TGIF (as defined below) restaurants, over a 5-year period commencing from the execution of the agreement, within a territory generally comprised of the municipalities of Beijing, Tianjin and Shanghai, and Jiangsu and Zhejiang provinces.

(c) Revised Shenzhen Development Agreement

The existing development agreement entered into between TGIFI and Chaswood Resources (HK) Private Limited, a subsidiary of the Company, for Shenzhen, China ("**Shenzhen Development Agreement**") as previously announced by the Company on 25 April 2014, will be revised to include 2 further restaurants to be developed in addition to the existing commitment to develop 4 TGIF restaurants pursuant to the Shenzhen Development Agreement.

(d) International Marketing Fund Agreement

Chaswood Malaysia will enter into an International Marketing Fund Agreement with TGIFI pursuant to which each of the existing TGIF Beijing restaurants, TGIF Shanghai restaurants and all new TGIF restaurants to be developed under the New Development Agreement and Revised Shenzhen Agreement shall contribute to the international marketing fund established by TGIFI for the purposes of co-operation and the marketing by TGIFI of the TGIF restaurant franchise globally.

2. INFORMATION ON TGIFI AND THE TARGET COMPANIES

2.1 Information on TGIFI

TGIFI is the franchisor of the TGI Friday's restaurant franchise ("**TGIF**") from the United States of America, operating over 900 restaurants in more than 60 countries globally.

2.2 Information on the Target Companies

TGIF Beijing is a limited liability company, incorporated in Beijing PRC on 25 November 1994, as a Sino-foreign joint venture whereby TGIFI owned 65% equity interest in TGIF Beijing. On 17 February 2012, TGIFI acquired the remaining 35% issued share capital of TGIF Beijing. TGIF Beijing has a registered and paid-up capital of US$8,800,000.

TGIF Shanghai is a limited liability company, incorporated in Shanghai PRC on 13 June 2012 in Shanghai, with a registered and paid-up capital of US$9,000,000 and US$6,121,850 respectively.

Currently, TGIF Beijing and TGIF Shanghai collectively operate 6 TGIF restaurants in Beijing and Shanghai. Additionally, TGIF Beijing provides management services to a TGIF restaurant in Tianjin operated by a third party franchisee.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

The Purchase Price comprises: (a) the acquisition of the entire share capital in the Target Companies for approximately RMB 22.0 million, and (b) the working capital including outstanding liabilities of approximately RMB 2.4 million, on the basis that each of the Target Companies shall, on Completion, be “debt and cash-free” and have no net working capital. The Purchase Price is payable based on the following terms:

(a) Twenty percent (20%) of the Purchase Price shall be payable following the approval of the Ministry of Commerce of the People’s Republic of China (“**MOFCOM**”) on the share sales; and

(b) Eighty percent (80%) of the Purchase Price shall be payable on Completion.

Subject to the terms and conditions of the Share Purchase Agreements, Completion is intended to take place on or before 28 February 2015.

The Purchase Price was arrived at arm’s length, commercial negotiations between Chaswood Malaysia and TGIFI on a willing-buyer, willing-seller basis, taking into account, *inter alia,* the net asset value, resources, goodwill, branding and market position of the TGIF restaurant franchise in Beijing and Shanghai.

3.2 Conditions Precedent

The Group’s obligation to complete the Proposed Acquisition is conditional upon, amongst others, satisfactory due diligence and all applicable approvals for the proposed transfers of the shares in the Target Companies being obtained from and the share transfers being duly registered with the applicable authorities in China.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The key merits of the Proposed Acquisition which would be beneficial to the Group are as follows:

4.1 Provides an established platform for the Group to expand into the top tier cities in China with its flagship brand TGIF

Further to the Company's previous announcement on 25 April 2014, the Proposed Acquisition and Related Transactions are part of the Group's on-going strategy to capitalise on regional expansion through strategic partnership with TGIFI, the Company's long term principal franchisor, in high-growth emerging markets, particularly in China.

In particular, the Proposed Acquisition will provide the Group with an established platform to expand into top tier cities in China under its flagship TGIF brand and allow it to leverage on the Target Companies' existing supply chain, finance, operations and management team in China.

4.2 Create synergies to the Group's expansion plan in China

Together with the earlier franchise agreement signed by the Group with Bulgogi Brothers of Korea, for, amongst other things, the exclusive rights to open and manage 30 outlets in Beijing, Shanghai, Guangdong and Hainan, China as announced by the Company on 9 November 2012, the Proposed Acquisition is also expected to create synergies with the Group's expansion plan in China.

5. FINANCING OF THE PROPOSED ACQUISITION

The Proposed Acquisition will be funded through external borrowings at interest rates ranging from 5.00% to 7.85% per annum over a term of five years.

6. RULE 1006 OF THE CATALIST RULES

The relative figures pursuant to Rule 1006 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), based on the audited consolidated financial statements of the Company and its subsidiaries ("**Group**") for the financial year ended 31 December 2013 ("**FY2013**"), are as follows:

Bases of calculation		**Size of relative figures (%)**
(a)	net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable as the Proposed Acquisition is not a disposal of assets.

	Bases of calculation	Size of relative figures (%)
(b)	The net profits[1] attributable to the assets acquired or disposed of, compared with the group's net profits.	Not meaningful [2]
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	20.00% [3]
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. This basis does not apply as the Company will not be issuing shares as consideration for the Proposed Acquisition.	Not applicable as the Proposed Acquisition does not involve the issuance of securities as consideration.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

(1) Net profits mean profit or loss after income tax, minority interest and extraordinary items.

(2) The relative figure is 387.1% based on the audited net loss of the Target Companies of RMB36.13 million (or approximately RM19.15 million) for FY2013 and the Group's audited net loss of RM4.95 million for FY2013. However, based on the unaudited net loss of the Target Companies of RMB8.38 million (or approximately RM4.44 million) for the half-year ended 30 June 2014 and the Group's unaudited net profits of RM3.22 million for the half-year ended 30 June 2014, the relative figure computed is a negative figure at 137.8%.

(3) The market capitalisation is calculated based on the volume weighted average price of S$0.1076 on 10 December 2014, being the last market day on which the shares of the Company were traded, preceding the date of the Share Purchase Agreements.

As the relative figure under Rule 1006(c) of the Catalist Rules exceeds 5% but is less than 75%, the Proposed Acquisition is a "discloseable transaction" as defined in Chapter 10 of the Catalist Rules.

The Proposed Acquisition and Related Transactions are also disclosed for purposes of Rule 703 of the Catalist Rules (as they may have a material impact on the price of the shares of the Company), as well as pursuant to Rule 704(16)(c) (acquisition of shares resulting in a company becoming a new subsidiary).

As the relative figure computed under Rule 1006(b) of the Catalist Rules is a negative figure, the Company and its sponsor, CIMB Bank Berhad will seek consultation with the SGX-ST, in accordance with Rule 1007(1) of the Catalist Rules. The Company will make an appropriate announcement of the outcome of the consultation in due course.

7. FINANCIAL EFFECTS

For the purposes of this section, the following assumptions apply:

(a) The financial effects of the Proposed Acquisition on the earnings per Share ("**EPS**") and the net tangible assets ("**NTA**") per Share of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Company. The financial effects have been computed based on the audited consolidated financial statements of the Group for FY2013.

(b) the Purchase Price is RMB24.4 million (or approximately RM12.93 million);

(c) the financial effects of the Proposed Acquisition have been calculated using the exchange rate of RMB1.00 : RM0.53.

7.1 Net Tangible Assets ("NTA")

Assuming that the Proposed Acquisition was completed on 31 December 2013, the effects on the consolidated NTA per Share as at 31 December 2013 are as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA (RM'000)	30,859	29,928[1]
Number of Shares ('000)	226,818	226,818
NTA per share (RM sen)	13.6	13.2

Note:

(1) Based on the audited financial statements of the Target Companies for the financial year ended 31 December 2013, the aggregate book value and net tangible asset value attributable to the Target Companies was RMB19.04 million (or approximately RM10.09 million) and professional fees of RM0.288 million.

7.2 Earnings or Loss per share ("EPS or LPS")

Assuming that the Proposed Acquisition was completed on 1 January 2013, the effects on the consolidated LPS for FY2013 are as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Loss attributable to shareholders of the Company (RM'000)	4,946	25,286[1]
Weighted average number of Shares ('000)	226,818	226,818
Basic LPS (RM sen)	2.2	11.1

Note:

(1) Assuming interest expenses of RM0.905 million arising from cost of borrowing that bear interest rates ranging from 5.00% to 7.85% per annum, professional fees payable to the professionals of RM0.288 million and net loss attributable to the Target Companies for FY2013 amounted to RMB36.13 million (or approximately RM19.15 million).

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition or any of the Related Transactions, other than through their interests in the shares of the Company.

9. SERVICE AGREEMENTS

No new directors are proposed to be appointed in connection with this Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS FOR INSPECTION

The Share Purchase Agreements, together with the various attachments thereto (including copies of the related agreements), shall be available for inspection, during normal business hours, at the Company's registered office at 80 Robinson Road #02-00 Singapore 068898, for a period of three (3) months from the date hereof.

11. FURTHER INFORMATION

The Company will make further announcements as and when there are material developments on the Proposed Acquisition and other matters contemplated by this announcement.

BY ORDER OF THE BOARD

ANDREW ROACH REDDY
Managing Director
24 December 2014

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST and Sponsor assume 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 Eric Wong (Director, Corporate Finance), CIMB Bank Berhad, Singapore Branch, 50 Raffles Place #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.*