

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

RESTRUCTURING PROCEEDINGS COMMENCED IN MALAYSIA

1. INTRODUCTION

The Board of Directors (“**Board**”) of Chaswood Resources Holdings Ltd (“**Company**”) wishes to announce that the Company’s wholly owned subsidiary in Malaysia, namely Chaswood Resources Sdn. Bhd. (“**CRSB**”), is undertaking steps to review its options to restructure its businesses, operations and balance sheet to preserve the value for the stakeholders of CRSB (“**Initiatives**”) in light of the protracted economic downturn in Malaysia that has adversely affected its business performance in the last three (3) financial years. To also address various obligations owed by CRSB and/or its subsidiaries to the principal lenders of the CRSB Group (defined later) that have fallen due and will fall due from time to time, CRSB together with its subsidiaries (collectively, the “**CRSB Group**”) have been compelled to apply for, and has on 17 November 2017 obtained an order from the High Court of Malaysia pursuant to Section 368 of the Companies Act 2016 to, *inter alia*, preserve the assets of the CRSB Group, more particularly described below.

2. OVERVIEW

The CRSB Group recorded consecutive losses after taxation of approximately RM5.7 million, RM9.7 million and RM9.0 million for the financial years ended 31 December 2014, 2015 and 2016 respectively.

The business performance of the CRSB Group, which relies heavily on the health of consumer sentiment, has been adversely affected due to *inter-alia* sales decline and operational losses arising from protracted and continuing economic downturn in Malaysia in the last three (3) years and other contributing factors such as weak consumer spending, increasing cost of operations and cost of living, and other challenges, including the weakened Malaysian currency and fluctuating petrol prices.

In the circumstances, the Board is compelled to immediately protect the long-term interests of all stakeholders, including shareholders and creditors, and to restore the deteriorating financial position of the CRSB Group. With a view to regularising the financial position of the CRSB Group, CRSB is undertaking certain on-going Initiatives and measures to ride out the challenging market environment which includes *inter-alia*:

- (a) business rationalisation *inter-alia* undertaking cost-cutting measures at head office and restaurants, negotiating with landlords and suppliers to reduce or contain operating costs, improving operational efficiencies, closing non-performing restaurants, and such other efforts to improve the CRSB Group’s profitability and financial position (collectively these measures will be termed “**Business Rationalisation**”);
- (b) holding discussions with its principal lenders, namely CIMB Bank Berhad, Malayan Banking Berhad and AmBank (M) Berhad (collectively, the “**Scheme Lenders**”), to address debt maturities, which includes restructuring and rescheduling of loan repayments (“**Proposed Debt Restructuring**”); and
- (c) exploring various funding options for the CRSB Group including recapitalisation of the CRSB Group’s balance sheet (“**Fund Raising Options**”).

As at 30 September 2017, the CRSB Group is in a net current liabilities position of approximately RM50 million. The total outstanding borrowings owing to the Scheme

Lenders that have extended credit facilities to the CRSB Group is approximately RM22 million as at the date of this announcement.

3. PROPOSED DEBT RESTRUCTURING

CRSB is in discussions with the Scheme Lenders in relation to the Proposed Debt Restructuring. The resolution of these Scheme Lenders' debts in accordance with the Proposed Debt Restructuring would enable the CRSB Group to ride out the challenging market environment. To enable the CRSB Group to carry on as a going concern, the Board consider it necessary, in the overall interests of all stakeholders, to *inter-alia* implement the Proposed Debt Restructuring with the Scheme Lenders.

No definitive agreements in relation to the Proposed Debt Restructuring have been entered into by CRSB or the CRSB Group as at the date of this announcement. There is no assurance or reasonable certainty that the Proposed Debt Restructuring will materialise or be successfully concluded. In the event the Proposed Debt Restructuring is not favourably completed in a timely manner, the CRSB Group will be faced with a going concern issue.

While the Proposed Debt Restructuring is ongoing, the CRSB Group will temporarily cease repayment for all of its borrowings with the Scheme Lenders and will be in communication with the Scheme Lenders on this matter. CRSB has received letters of demand as well as reservation of right letters from certain Scheme Lenders pertaining to the various obligations owed to the Scheme Lenders that have fallen due and will fall due from time to time.

4. MORATORIUM

In view of the urgency to preserve the status quo and assets of the CRSB Group in order for the CRSB Group to take all available and necessary steps to carry out the Initiatives, including to conclude and implement the Proposed Debt Restructuring with the Scheme Lenders, CRSB has on 16 November 2017 filed an application with the High Court of Malaysia ("**Court**") pursuant to Section 368 of the Companies Act 2016 ("**Act**"), and the Court has on 17 November 2017 granted the following orders:

- (a) Pursuant to Section 368(1) of the Act, all proceedings in any action and/or any proceedings against the CRSB Group in Malaysia or elsewhere, including but not limited to enforcement of any security, winding up proceedings against the CRSB Group and/or any appointment of receiver and/or manager over all the CRSB Group's assets, by the Scheme Lenders, be restrained for a period of ninety (90) days from the date of the order except with leave of the Court and subject to any terms as the Court may impose ("**Moratorium**"); and
- (b) CRSB be granted the approval to call for a creditors' meeting pursuant to Section 366(1) of the Act for the purpose of taking into account and if deemed appropriate, to approve with or without modification a proposed scheme of arrangement and compromise between the CRSB Group and the Scheme Lenders.

During the period of the Moratorium, the CRSB Group will take all reasonable steps to discuss with the Scheme Lenders with a view to putting in place a Proposed Debt Restructuring which will be fair and equitable to all stakeholders of the CRSB Group, and subject to and in accordance with, *inter-alia*, the Court's orders.

5. GOING CONCERN

Barring any unforeseen circumstances, and subject to the successful outcome of *inter-alia* the Proposed Debt Restructuring, the Fund Raising Options, and Business Rationalisation and market conditions, the Board is of the opinion that the Group is able

to continue as going concern and has sufficient working capital for the next twelve (12) months.

Where applicable, the Proposed Debt Restructuring, Fund Raising Options, and Business Rationalization will be subject to *inter-alia* shareholders' approval. Further announcements will be made by the Company and the Board via SGXNET as and when there are any material developments in compliance with the Catalist Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Board confirms that all material disclosures, facts and information (including but not limited to disclosures pertaining to *inter-alia* material operations and business of the Group, going concern assumption, and the Proposed Debt Restructuring) have been provided and announced for trading of the Company's shares to continue and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or previous announcements or disclosures misleading.

The Board is of the view that trading in the Company's securities on the SGX-ST should not be suspended as the Company would require access to the capital market for the purposes of the Fund Raising Options to be undertaken. However, pending the completion of the Proposed Debt Restructuring, Fund Raising Options, and the Business Rationalisation, shareholders and potential investors should exercise caution when trading in the Company's securities. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or such other advisers.

BY ORDER OF THE BOARD

ANDREW ROACH REDDY
Managing Director
20 November 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**", Asian Corporate Advisors Pte Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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