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Issuer: ChasWood Resources Holdings Ltd.

Security: ChasWood Resources Holdings Ltd.

Meeting details:

Date: 20 July 2018

Time: 11.00 a.m.

Venue: 10 Hoe Chiang Road, #21-01, Keppel Towers, Singapore 089315

Company Description

Chaswood Resources Holdings Ltd., an investment holding company, engages in the restaurant business. The company operates casual dining restaurants, as well as bars and lounges, and quick service restaurants. It operates 10 brands, including 4 international franchise and licensed restaurant chains under the TGI Fridays, Italiannies, The Apartment, Malones, Teh Tarik Place, Bulgogi Brothers, Laundry, and Paradise Dynasty brands. The company also provides catering services. It operates approximately 68 outlets in Malaysia, China, and Indonesia, as well as in Singapore and Thailand. The company was founded in 2002 and is based in Petaling Jaya, Malaysia. Chaswood Resources Holdings Ltd. is a subsidiary of Posh Corridor Sdn. Bhd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5TW)

1. On 14 June 2018, the company announced that the proposed debt restructuring of Chaswood Resources Sdn. Bhd. (“CRSB”) was no longer feasible and as the moratorium will expire on 15 June 2018, the company will be seeking the suspending of the trading of its shares on 18 June 2018.

In the Annual Report, it was stated that:

[T]he Group will focus on strengthening the operations for its core brands to drive sales and improve cost management controls which include improving operational efficiency and reducing overhead expenses.

- (i) Has the board considered the need to carry out a strategic review to assess the core competencies of the group, its management, its financial strength and to further fine-tune its strategy in the F&B segment so as to create long-term sustainable value for all the shareholders?**

The company has stated that the group will focus on “strengthen[ing] the operations for its core brands to drive sales and improve cost management controls which include improving operational efficiency and reducing overhead expenses” (page 8 of the annual report).

- (ii) Can management provide shareholders with an update of its key priorities and goals for 2018-2019 by country?**

2. On 26 June 2018, the company announced the proposed issuance of 1% Redeemable Convertible Notes due 2021 of up to S\$50 million subject to, inter alia, the signing of the definitive agreement, approval of SGX and shareholders for the anticipation of funding the Group’s future plans pursuant to the Restructuring Exercise.

- (i) What are the other options being considered by the company?**
- (ii) With regard to the proposed issuance as announced on 26 June 2018, what level of due diligence has the company and the board carried out on the proposed subscriber?**
- (iii) Has the company reviewed the track record of the proposed subscriber?**

On 25 Aug 2016, SGX published an article titled “Impact and risks of “death spiral” convertibles” under its Regulator’s Column highlighting the impact and risks of convertible loans which can have significant negative effect on the company and its existing shareholders.

The article can be found here:

http://sgx.com/wps/wcm/connect/sgx_en/home/regulation_v2/consultations_and_publications/Regulators/Impact-and-risks-of-death-spiral-convertibles

- (iv) Has the board, especially the independent directors, evaluated all the risks and the dilutive impact related to the proposed redeemable convertible notes as discussed in SGX's article?**
- (v) Will the board disclose its projected cost of capital if it chooses to issue the "death spiral" convertibles?**

3. Ling Chung Yee, Roy was appointed as an independent director, chairman of the audit committee (AC) and remuneration committee (RC) and a member of the nominating committee (NC) on 28 December 2017, and as the Lead independent director on 26 January 2018.

- (i) What is the board's search and nominating process for directors, especially independent directors?**

Ling Chung Yee, Roy resigned as the Lead independent director of the company on 22 June 2018 and concurrently relinquished his positions as the chairman of the AC and RC and member of the NC.

The abovementioned director was on the board for less than 6 months.

- (ii) How does the board ensure that it selects and appoints qualified directors who are committed and able to contribute to the board effectively, especially during this challenging period for the group?**

The reason for the cessation of the director was:

Given the current set up and resources of the Company and its management and Mr Ling's current priorities, Mr Ling felt that he is not able to continue to help the Company upgrade its internal systems and controls to the level that he feels is necessary. Hence, the best thing for the Company is to find the appropriate AC Chairman who is able to devote more time for this role.

In addition, Mr Tee Guan Pian, the former independent director and also chairman of the AC, who resigned from the board on 30 September 2017, had provided the following reason in his resignation:

Given the current set up and resources of the Company and its management and Mr Tee's current priorities, Mr Tee felt that he is not able to continue to help the Company upgrade its internal systems and controls to the level that he feels is necessary. Hence, the best thing for the Company is to find the appropriate AC Chairman who is able to devote more time for this role.

- (iii) Can management clarify on the current status of its internal systems and controls?**
- (iv) What are management's expectations of its internal systems and controls? What is the disagreement with the two previous AC chairmen?**



On 28 June 2018, Mr Chng Hee Kok was appointed as the Lead independent director, chairman of the AC and RC and a member of the NC. As disclosed by the company, Mr Chng sits on the boards of the following 5 listed companies: Samudera Shipping Line Ltd, Full Apex Holdings Ltd, Luxking Group Holdings Ltd, Ellipsiz Ltd and United Food Holdings Limited.

- (v) Can Mr Chng help shareholders understand his expectations of the group's internal controls and systems?**

- (vi) As the previous 2 AC chairmen has noted their time constraints to carry out the duties of the AC chair, can Mr Chng let shareholders know his commitment to the company as he sits on 5 other listed companies?**