Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Chaswood Resources Holdings Ltd

Stock code: 5TW

Meeting details:
Date: 29 April 2022
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Trading of the company's shares have been suspended since 18 June 2018.

For 2021, the group's main focus has been to complete the ongoing restructuring exercise to restore the financial position of the group with to submit a resumption proposal to SGX-ST for the trading of the company's shares.

As at 31 December 2021, the group and company have net liabilities of RM(62.355) million (2020: RM(61.466) million) and RM(61.936) million (2020: RM(61.094) million) respectively. Accordingly, the independent auditor has highlighted the material uncertainty relating to the company's and the group's ability to continue as a going concern.

Keys steps to the group's restructuring exercise include:
- Proposed issuance of redeemable convertible note
- Proposed scheme of arrangement with scheme creditors

In December 2021, the company also entered into a Sale and Purchase Agreement to acquire the entire issued and paid-up share capital of HK Aerospace Beidou New Energy Technology Co., Ltd. which will result in a reverse takeover of the company.

(i) **Can the board help shareholders understand the status of the Amended scheme of arrangement (SOA)? With the Amended SOA lapsing on 30 June 2021, what steps will be taken by the company in advancing a new/amended SOA?**

(ii) **Who are the key scheme creditors and how confident is the company of their support given the lapse of the amended SOA?**

(iii) **What is the process to seek the necessary extension of time from the scheme creditors?**

(iv) **What are the outstanding milestones for SGX-ST to consider the waiver and extension of time for the submission of a trading resumption proposal?**

Q2. On 1 March 2022, the company entered into a fifth supplement agreement to amend the terms of the subscription agreement with Advance Opportunities Fund ("AOF") and Advance Opportunities Fund I ("AOF I").

The subscription agreement was first entered into on 30 November 2019. The company proposes to issue to the subscribers 1.0% equity-linked redeemable convertible notes (RCN) due 2022 with an aggregate principal amount of up to $50.0 million. The issuance of the RCN is subject to fulfilment of certain conditions precedent which includes, inter-alia, the share trading resumption.

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This comes after another the term sheet for an earlier proposed issuance of 1% equity-linked RCN with Advance Opportunities Fund group of funds and Advance Capital Partners Asset Management Private Limited that lapsed on 26 July 2018.

(i) **What is the level of due diligence carried out by the board on the subscribers?**

The conversion price is determined as follows:

> *The price at which each Conversion Share will be issued upon conversion shall be 80% of the average volume weighted average price ("VWAP") per Share on any 3 consecutive Business Days selected by the Subscribers during the 45 Business Days immediately preceding the relevant conversion date on which Shares were traded on Catalist provided always that the Conversion Price for each Conversion Share shall not be less than the minimum conversion price of S$0.001 ("Minimum Conversion Price").*

(ii) **What deliberations did the board have over the "floating" conversion price? Did the board analyze and quantify the potential impact to shareholders due to "floating" conversion price feature?**

(iii) **Why is the company/board pursuing a RCN when SGX RegCo has highlighted several negative effects of such "death spiral" convertibles?** The Regulator's Column on the "Impact and risks of "death spiral" convertibles can be found here: https://www.sgx.com/media-centre/20160825-impact-and-risks-death-spiral-convertibles

(iv) **How critical is the RCN given that the company is also evaluating a RTO?**

Q3. The company entered into a sale and purchase agreement for the proposed acquisition of the entire issued and paid-up share capital of HK Aerospace Beidou New Energy Technology Co., Ltd. (the "Target"), a company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China (HKSAR) and a substantially-owned subsidiary of Techna-X.

The consideration is approximately US$500 million.

As announced, the target is believed to be the first company in the world to use rare metal Ruthenium base in its ultra-capacitor as well as a complete patent field and strategy in ruthenium ultra-capacitor technology to develop its own proprietary systems. The Target together with its subsidiaries have the intellectual property, global marketing and distribution rights of the ultra-capacitor technology to a range of industries for energy storage and Ruthenium Super Batteries ("RSB"). Its manufacturing operations are in the People's Republic of China and undertakes further research and development in international collaborations related to the ultra-capacitor technology.

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The SPA can be found here:
https://links.sgx.com/FileOpen/CRHL%20HKAB%20SPA%20Announcement.ashx?App=Announcement&FileID=695899

(i) **What is the experience of the board in mergers and acquisitions, and in valuation, especially one such as the target?**

(ii) **How was the consideration of US$500 million determined when the total equity of the target was $43.3 million as at 30 September 2021?**

(iii) In addition, Techna-X which is listed on the Main Board of Bursa Malaysia has a market capitalisation of RM231 million. **Did the board take that into consideration?**

(iv) **Can the company identify the members of the board and in the senior management the company who are not conflicted?** For instance, the introducer of the Target to the company is Datuk Lim Chih Li @ Lin Zhili, Jared, executive director of Techna-X and a controlling shareholder of the company.

(v) **Can the company clarify how it will be negotiating with the vendors? Who will be leading the negotiation?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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