



# Chaswood Resources Holdings Ltd.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200401894D)

## FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.

THE GROUP	2ND HALF YEAR ENDED 31 DECEMBER			YEAR ENDED 31 DECEMBER		
	2017 (Unaudited) RM'000	2016 (Audited) RM'000	Increase/ (Decrease) %	2017 (Unaudited) RM'000	2016 (Audited) RM'000	Increase/ (Decrease) %
Revenue	65,222	83,194	-21.6%	138,105	166,273	-16.9%
Cost of sales	(22,167)	(27,247)	-18.6%	(46,077)	(54,332)	-15.2%
<b>Gross profit</b>	<b>43,055</b>	<b>55,947</b>	<b>-23.0%</b>	<b>92,028</b>	<b>111,941</b>	<b>-17.8%</b>
<b>Other Items of Income</b>						
Interest income	14	26	-46.2%	174	48	262.5%
Other credits	1,119	1,578	-29.1%	1,119	1,578	-29.1%
<b>Other Items of Expense</b>						
Marketing and distribution costs	(2,697)	(3,445)	-21.7%	(5,928)	(7,097)	-16.5%
Administrative expenses	(42,912)	(50,052)	-14.3%	(92,108)	(100,706)	-8.5%
Finance costs	(1,679)	(1,950)	-13.9%	(2,975)	(3,514)	-15.3%
Other losses	(16,756)	(3,871)	332.9%	(18,143)	(3,891)	366.3%
Share of profit/(loss) of Associate	(2)	-	-100.0%	(2)	-	-100.0%
Other expenses	(3,752)	(4,681)	-19.8%	(6,629)	(8,087)	-18.0%
<b>Loss before taxation</b>	<b>(23,610)</b>	<b>(6,448)</b>	<b>266.2%</b>	<b>(32,464)</b>	<b>(9,728)</b>	<b>233.7%</b>
Income tax expense	347	(415)	N.M	(348)	(1,208)	-71.2%
<b>Loss after taxation</b>	<b>(23,263)</b>	<b>(6,863)</b>	<b>239.0%</b>	<b>(32,812)</b>	<b>(10,936)</b>	<b>200.0%</b>
<b>Other comprehensive loss net of tax:-</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Exchange differences on translating foreign operations	(642)	(2,874)	N.M	(863)	(4,518)	N.M
<b>Total comprehensive loss</b>	<b>(23,905)</b>	<b>(9,737)</b>	<b>145.5%</b>	<b>(33,675)</b>	<b>(15,454)</b>	<b>117.9%</b>
Loss attributable to owners of the company, net of tax	(23,238)	(6,835)	240.0%	(32,784)	(10,908)	200.6%
Loss attributable to non-controlling interests, net of tax	(25)	(28)	N.M	(28)	(28)	-0.6%
<b>Loss after tax</b>	<b>(23,263)</b>	<b>(6,863)</b>	<b>239.0%</b>	<b>(32,812)</b>	<b>(10,936)</b>	<b>200.0%</b>
Total comprehensive loss attributable to owners of the company, net of tax	(23,907)	(9,738)	145.5%	(33,670)	(15,443)	118.0%
Total comprehensive loss attributable to non-controlling interests, net of tax	2	1	N.M	(5)	(11)	100.0%
<b>Total comprehensive loss</b>	<b>(23,905)</b>	<b>(9,737)</b>	<b>145.5%</b>	<b>(33,675)</b>	<b>(15,454)</b>	<b>117.9%</b>

**N.M: Not Meaningful**



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## FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

### 1(a)(ii) Other Information

The Group's net loss before tax is arrived at after charging/(crediting):

THE GROUP	2ND HALF YEAR ENDED 31 DECEMBER			YEAR ENDED 31 DECEMBER		
	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)
	(Unaudited) RM'000	(Audited) RM'000	%	(Unaudited) RM'000	(Audited) RM'000	%
Depreciation of property and equipment	3,551	4,726	-24.9%	6,306	7,869	-19.9%
Impairment allowance on property and equipment	13,592	-	100.0%	13,592	-	100.0%
Amortisation of franchise fees	201	(45)	-546.7%	323	218	48.2%
(Gain) / loss on disposal of property and equipment	(694)	(574)	20.9%	(694)	(574)	20.9%
Impairment allowance on franchise fees	719	1,183	-39.2%	719	1,183	-39.2%
Property and equipment written off	983	1,723	-42.9%	2,370	1,723	37.6%
Inventories written off	-	17	-100.0%	-	17	-100.0%
Deposits and prepayments written off	527	167	215.6%	1,462	167	775.4%
Fair value adjustment on earn-out payable	(425)	(1,004)	-57.7%	(425)	(1,004)	-57.7%
(Gain) / loss on foreign exchange	(196)	768	-125.5%	(180)	801	-100.0%
Interest Income	(14)	(26)	-46.2%	(174)	(48)	100.0%
Interest expense	1,679	1,950	-13.9%	2,975	3,514	-15.3%

**N.M: Not Meaningful**



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## FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	31 December 2017 RM'000 (Unaudited)	31 December 2016 RM'000 (Audited)	31 December 2017 RM'000 (Unaudited)	31 December 2016 RM'000 (Audited)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property and Equipment	30,814	53,775	-	-
Intangible Assets	14,719	15,467	-	-
Investment in Subsidiaries	-	-	150,000	150,000
Investment in associate Company	198	-	-	-
<b>Total Non-Current Assets</b>	<b>45,731</b>	<b>69,242</b>	<b>150,000</b>	<b>150,000</b>
<b>Current Assets</b>				
Inventories	3,007	3,718	-	-
Trade and Other Receivables	7,952	8,985	991	1,531
Other Assets	10,544	16,004	-	3
Cash and Cash Equivalents	5,637	8,120	-	-
<b>Total Current Assets</b>	<b>27,140</b>	<b>36,827</b>	<b>991</b>	<b>1,534</b>
Non-current assets classified as held for sale	-	583	-	-
<b>Total Assets</b>	<b>72,871</b>	<b>106,652</b>	<b>150,991</b>	<b>151,534</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	24,464	24,464	162,132	162,132
Capital Reserves	(724)	134	(1,078)	22
Accumulated Losses	(48,932)	(16,148)	(12,778)	(12,723)
<b>Total Equity Attributable to Owners of the Parent</b>	<b>(25,192)</b>	<b>8,450</b>	<b>148,276</b>	<b>149,431</b>
Non-Controlling Interest	(171)	(138)	-	-
<b>Total Equity</b>	<b>(25,363)</b>	<b>8,312</b>	<b>148,276</b>	<b>149,431</b>
<b>Non-Current Liabilities</b>				
Deferred Tax Liabilities	2,201	2,384	-	-
Other Financial Liabilities	9,252	16,675	-	-
<b>Total Non-Current Liabilities</b>	<b>11,453</b>	<b>19,059</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>				
Provision for Taxation	-	1,030	5	-
Trade and Other Payables	59,074	50,956	2,710	2,103
Other Financial Liabilities	27,305	26,980	-	-
Other Liabilities, current	402	315	-	-
<b>Total Current Liabilities</b>	<b>86,781</b>	<b>79,281</b>	<b>2,715</b>	<b>2,103</b>
<b>Total Liabilities</b>	<b>98,234</b>	<b>98,340</b>	<b>2,715</b>	<b>2,103</b>
<b>Total Equity and Liabilities</b>	<b>72,871</b>	<b>106,652</b>	<b>150,991</b>	<b>151,534</b>



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## FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

### 1(b)(ii) Aggregate amount of group's borrowings and debts securities.

	31 December 2017		31 December 2016	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Finance lease payables	218	-	135	-
Exchangeable bonds	8,964	-	9,476	-
Interest bearing loans and borrowings	13,265	4,858	17,369	-
	<u>22,447</u>	<u>4,858</u>	<u>26,980</u>	<u>-</u>

#### Amount repayable after one year

	31 December 2017		31 December 2016	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Finance lease payables	332	-	149	-
Interest bearing loans and borrowings	8,920	-	11,033	5,493
	<u>9,252</u>	<u>-</u>	<u>11,182</u>	<u>5,493</u>

#### Details of any collateral

(1) The bills payable and bank overdrafts are secured by:-

- (i) Fixed and floating charges over all the present and future assets of certain subsidiaries;
- (ii) Pledge of fixed deposits with licensed banks; and
- (iii) Corporate guarantees of the Company and Chaswood Resources Sdn Bhd.

(2) The term loans are secured by:-

- (i) Fixed and floating charges over all present and future assets of certain subsidiaries; and
- (ii) Pledge of fixed deposits with licensed banks of the Group.

Certain of the term loans are also secured by:

- (i) Corporate guarantees of the Company and Chaswood Resources Sdn Bhd; and
- (ii) Legal assignment to the lender of all rights, titles, benefits and interests in insurance policies of certain subsidiaries.

(3) The obligations under finance lease payables are secured by the lessor's charge over the leased assets.

(4) The Exchangeable Bonds are secured by a corporate guarantee of the Company. As at end of FY2017, the Exchangeable Bonds have been reclassified to current liability as they would mature on 23 April 2018.



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## FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

### 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

	2ND HALF YEAR ENDED 31 DECEMBER		YEAR ENDED 31 DECEMBER	
	Unaudited 2017 RM'000	Audited 2016 RM'000	Unaudited 2017 RM'000	Audited 2016 RM'000
<b>Cash flows from operating activities</b>				
Loss before tax	(23,608)	(9,386)	(32,463)	(9,728)
Adjustment for:				
Amortisation of franchise agreement cost	201	(45)	323	218
Impairment allowance on franchise agreement cost	719	1,183	719	1,183
Depreciation of property and equipment	3,551	4,726	6,306	7,869
Property and equipment written off	1,918	1,723	2,370	1,723
Impairment on property and equipment	13,592	-	13,592	-
Inventories written off	-	17	-	17
Deposits and prepayments written off	527	167	1,462	167
Gain on disposal of property and equipment	(694)	(594)	(694)	(574)
Unrealised (gain) / loss on foreign exchange	(163)	738	(163)	738
Fair value adjustment on earn-out payable	(425)	(1,004)	(425)	(1,004)
Interest income	(36)	(26)	(174)	(48)
Interest expense	1,679	2,046	2,975	3,514
Operating (loss) / profit before working capital changes	(2,739)	(455)	(6,172)	4,075
Inventories	559	(199)	711	19
Trade and other receivables	(1,860)	(5,409)	1,033	(5,762)
Other assets	4,175	1,044	3,998	(1,335)
Trade and other payables	(106)	7,237	10,307	8,173
<b>Net cash flows from / (used in) operations</b>	29	2,218	9,877	5,170
Tax Paid	57	(1,919)	(638)	(3,933)
<b>Net cash flows from / (used in) operating activities</b>	86	299	9,239	1,237
<b>Balance carried forward</b>	86	299	9,239	1,237



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## FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

### 1(c) Consolidated Statement of Cash Flows (for the group) (Continued)

	2ND HALF YEAR ENDED 31 DECEMBER		YEAR ENDED 31 DECEMBER	
	Unaudited 2017 RM'000	Audited 2016 RM'000	Unaudited 2017 RM'000	Audited 2016 RM'000
<b>Balance brought forward</b>	86	299	9,239	1,237
<b>Cash flows from investing activities</b>				
Purchases of property and equipment	(2,040)	(1,583)	(4,122)	(2,217)
Proceeds from disposal of property, plant and equipment	826	901	826	1,297
Proceeds from partial disposal of a subsidiary	1,600	-	1,600	-
Interest received	36	26	174	48
<b>Net cash flows used in investing activities</b>	<b>422</b>	<b>(656)</b>	<b>(1,522)</b>	<b>(872)</b>
<b>Cash flows from financing activities</b>				
Increase in bills payable	-	1,000	-	1,000
Drawdown of borrowings	-	1	-	5,083
Repayment of borrowings	(3,100)	(5,933)	(7,276)	(10,797)
Repayment of finance lease payables	(159)	(103)	(194)	(161)
Restricted cash received/ (placement)	1,863	(583)	1,653	(606)
Interest paid	(1,679)	(622)	(2,975)	(2,186)
<b>Net cash flows (used in)/ from financing activities</b>	<b>(3,075)</b>	<b>(6,240)</b>	<b>(8,792)</b>	<b>(7,667)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,567)</b>	<b>(6,597)</b>	<b>(1,075)</b>	<b>(7,302)</b>
Foreign exchange differences	(73)	106	(48)	50
Cash and cash equivalents at the beginning of the financial period / year	1,964	6,938	447	7,699
<b>Cash and cash equivalents at the end of the financial period / year</b>	<b>(676)</b>	<b>447</b>	<b>(676)</b>	<b>447</b>
<u>Cash and cash equivalents:-</u>				
Not restricted in use	3,873	4,703	3,873	4,703
Restricted in use	1,764	3,417	1,764	3,417
	<b>5,637</b>	<b>8,120</b>	<b>5,637</b>	<b>8,120</b>
<u>Cash and cash equivalents in the Statement of Cash Flows:-</u>				
Amount as shown above	5,637	8,120	5,637	8,120
Bank overdraft	(4,549)	(4,256)	(4,549)	(4,256)
Cash restricted in use over 3 months	(1,764)	(3,417)	(1,764)	(3,417)
At the end of the financial period / year	<b>(676)</b>	<b>447</b>	<b>(676)</b>	<b>447</b>



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## FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Attributable to owners of the Company			Total	Non-Controlling Interests	Total Equity
	Share Capital	Other Reserve	(Accumulated Losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2017	24,464	134	(16,148)	8,450	(138)	8,312
<b>Total comprehensive income/(loss) for the year</b>						
Loss for the financial year	-	-	(32,784)	(32,784)	(28)	(32,812)
Effect of translation of net assets of foreign subsidiaries	-	(858)	-	(858)	(5)	(863)
Total comprehensive income/(loss) for the year	-	(858)	(32,784)	(33,642)	(33)	(33,675)
<b>Balance as at 31 December 2017</b>	<b>24,464</b>	<b>(724)</b>	<b>(48,932)</b>	<b>(25,192)</b>	<b>(171)</b>	<b>(25,363)</b>
Balance as at 1 January 2016	20,776	4,669	(5,240)	20,205	(127)	20,078
<b>Total comprehensive income/(loss) for the year</b>						
Issuance of Share	3,688	-	-	3,688	-	3,688
Loss for the financial year	-	-	(10,908)	(10,908)	(28)	(10,936)
Effect of translation of net assets of foreign subsidiaries	-	(4,535)	-	(4,535)	17	(4,518)
Total comprehensive income/(loss) for the year	-	(4,535)	(10,908)	(15,443)	(11)	(15,454)
<b>Balance as at 31 December 2016</b>	<b>24,464</b>	<b>134</b>	<b>(16,148)</b>	<b>8,450</b>	<b>(138)</b>	<b>8,312</b>



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

### The Company

	Share Capital RM'000	Other Reserve RM'000	(Accumulated Losses) RM'000	Total Equity RM'000
Balance as at 1 January 2017	162,132	22	(12,723)	149,431
<b>Total comprehensive income/(loss) for the year</b>				
Loss for the financial year	-	-	(55)	(55)
Foreign currency translation	-	(1,100)	-	(1,100)
Total comprehensive income/(loss) for the year	-	(1,100)	(55)	(1,155)
<b>Balance as at 31 December 2017</b>	<b>162,132</b>	<b>(1,078)</b>	<b>(12,778)</b>	<b>148,276</b>
Balance as at 1 January 2016	158,444	2,543	(9,851)	151,136
<b>Total comprehensive income/(loss) for the year</b>				
Issuance of Share	3,688			3,688
Loss for the financial period	-	-	(2,872)	(2,872)
Foreign currency translation	-	(2,521)	-	(2,521)
Total comprehensive income / (loss) for the year	-	(2,521)	(2,872)	(5,393)
<b>Balance as at 31 December 2016</b>	<b>162,132</b>	<b>22</b>	<b>(12,723)</b>	<b>149,431</b>





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**1(d)(ii)** Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The issued and paid-up share capital of the Company are as follows:

Issued and paid up share capital	Number of shares	Issued and paid up share capital (RM)
Share capital as at 31 December 2017 and 2016	250,605,231	162,131,973
	As at 31 December 2017	As at 31 December 2016
	Shares ('000)	Shares ('000)
Additional shares that would be issued on conversion of all convertible instruments	10,000	10,000

The Group has issued redeemable exchangeable bonds ("Exchangeable Bonds") of an aggregate principal amount of S\$3.0 million in three (3) tranches of S\$1.0 million, S\$0.5 million and S\$1.5 million on 25 April 2014, 5 December 2014 and 27 January 2015 respectively. As at the date of this announcement, the net proceeds have been fully utilised for the intended purposes of (i) capital expenditure and working capital for outlets expansion in China and/or Indonesia and (ii) expenses relating to the Exchangeable Bonds.

Based on the exchangeable price of S\$0.30 per new shares, the Company will be obliged to issue up to 10,000,000 new shares ("New Shares") in the event that the investor exercises its right to exchange the entire Exchangeable Bonds into New Shares.

As at 31 December 2017 and 31 December 2016, the Company did not hold any treasury shares and there were no subsidiary holdings.

**1(d)(iii)** To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

	As at 31 December 2017	As at 31 December 2016
Total number of issued shares excluding treasury shares	250,605,231	250,605,231

The Company has no treasury shares as at 31 December 2017 and 31 December 2016.



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- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(d)(v) A statement showing all sales, transfer, disposals, cancellations and/or use of subsidiary holdings as at the end of the current financial period on.**

The Company did not hold any subsidiary holdings as at 31 December 2017 and 31 December 2016.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation are consistent with the most recent audited financial statements for the year ended 31 December 2016.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017. The adoption of these new/revised FRS and INT FRS does not result in substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements.



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**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.**

	THE GROUP	
	2017	2016
Net loss attributable to shareholders of the Company (RM'000)	(32,784)	(10,908)
(a) Basic loss per share (RM sen)	(13.1)	(4.4)
(b) Diluted loss per share (RM sen)	N.A	N.A
Weighted average number of ordinary shares in issue ('000)	250,605	250,605

**N.A: Not applicable**

There is no dilutive effect from the Exchangable Bonds as they are anti-dilutive because their conversion to ordinary shares would decrease loss per share.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	The Group		The Company	
	31 December 2017 (Unaudited)	31 December 2016 (Audited)	31 December 2017 (Unaudited)	31 December 2016 (Audited)
Net asset value per ordinary share (RM sen)	(10.1)	3.3	59.2	59.6

Net asset value per ordinary share of the Group and the Company was calculated based on 250,605,231 shares (2016: 250,605,231 shares) in issue at the end of the financial year/period.



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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Review of Financial Performance

#### Revenue

Revenue decreased by approximately RM28.2 million, or 16.9% in FY2017 as compared to FY2016. The decrease was contributed mainly from the Malaysia operations where the existing outlets suffered a decline in sales as the consumer sentiment continued to be weak with rising cost of living and more cost conscious consumers. This is further aggravated by increased competition and price war among the food and beverage players. The decrease in revenue is also contributed by the loss in sales from the closure of several non-performing outlets which is part of the Group's rationalization plan. In addition, revenue from Indonesia and China operations decreased slightly mainly due to increased competitions at locations where the outlets are located.

#### Gross profit and gross profit margin

Gross profit decreased by approximately RM19.9 million, or 17.8% from approximately RM111.9 million in FY2016 to approximately RM92.0 million in FY2017, in line with the decrease in revenue. Gross profit margin decreased from approximately 67.3% in FY2016 to approximately 66.6% in FY2017 due to increase in raw materials cost and more value promotions implemented to drive traffic to the outlets.

#### Other credits

Other credits mainly consist of fair value adjustment on earn-out payable and gain on disposal of property and equipment.

#### Marketing and Distribution Costs

Marketing and distribution costs decreased by approximately RM1.1 million, or 16.5%, from approximately RM7.1 million in FY2016 to approximately RM5.9 million in FY2017 due to lower royalties and marketing expenses incurred in view of the closure of certain non-profitable outlets.



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### **Administrative expenses**

Administrative expenses mainly consist of labour, rental and other operating expenses. The expenses decreased by approximately RM8.6 million, or 8.5%, from approximately RM100.7 million in FY2016 to approximately RM92.0 million in FY2017 mainly due to lower operating expenses in view of the closure of certain non-profitable outlets coupled with cost cutting measures undertaken by the Group.

### **Finance costs**

Finance costs decreased by approximately RM0.5 million, or 15.3%, from approximately RM3.5 million in FY2016 to approximately RM2.9 million in FY2017 mainly due to lower interest expense in view of the settlement of certain term loans during the year.

### **Other losses**

Other losses mainly consist of impairment and write-offs of property and equipment and security deposits. During the year, in addition to the write-offs of property and equipment and security deposits of closed outlets of approximately RM3.8 million, impairment allowance for franchise fees, leasehold improvements and equipment with carrying amount of approximately RM14.3 million was made due to the unfavorable performance of certain subsidiaries and outlets.

### **Other expenses**

Other expenses, which consist of depreciation and amortisation of franchise fees decreased by approximately RM1.4 million or 18.0% from approximately RM8.1 million in FY2016 to approximately RM6.6 million in FY2017. The decrease was mainly due to lower depreciation charges and amortization of franchise fees due to the closure of certain non-profitable outlets. In addition, there were lower depreciation charges and amortization of franchise fees for the China subsidiaries following its alignment to the Group's depreciation policy.

## **Review of Financial Position**

### **Non-current assets**

Property and equipment decreased from approximately RM53.8 million as at 31 December 2016 to approximately RM30.8 million as at 31 December 2017 mainly due to depreciation charges of approximately RM6.3 million, write-off of property and equipment pursuant to closure of certain non-profitable outlets of RM2.4 million and provision for impairment of property and equipment of certain outlets with unfavorable performance of RM13.6 million.

Intangible assets comprise franchise fee and goodwill arising from the acquisition of the China subsidiaries. The decrease from approximately RM15.5 million as at 31 December 2016 to approximately RM14.7 million as at 31 December 2017 was mainly due to the amortization of franchise fees and impairment of franchise fee in certain outlets with unfavorable performance.



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### Current assets

Trade and other receivables decreased from approximately RM9.0 million as at 31 December 2016 to approximately RM8.0 million as at 31 December 2017 mainly due to closure of certain non-profitable outlets.

Other assets relate to (i) deposits placed with the lessors for the leases of the Group's outlets which are due within one year of approximately RM9.7 million and (ii) prepayments and booking fees for identified sites for new outlets of approximately RM0.8 million. The decrease from RM16.0 million as at 31 December 2016 to RM10.5 million as at 31 December 2017 was mainly due to the refund of security deposits pursuant to the closure of certain non-performing outlets and prepaid rentals charged out for certain outlets.

Cash and cash equivalents decreased from RM8.1 million as at 31 December 2016 to RM5.6 million as at 31 December 2017 was mainly due to the certain fixed deposits pledged with financial institutions amounting to RM1.6 million being used to make loan repayments to the financial institutions. The Group is currently in discussion with the financial institutions to restructure its loan repayments. Please refer to Review of Statement of Cash Flows for more details.

### Current liabilities

Trade and other payables increased from RM51.0 million as at 31 December 2016 to RM59.1 million as at 31 December 2017 as the Group has obtained extended credit term from trade and other payables.

Other financial liabilities comprise term loan, hire purchase, bills payables, bank overdraft, exchangeable bonds and earn-out payables. The increase in other financial liabilities from RM26.9 million as at 31 December 2016 to RM27.3 million as at 31 December 2017 was mainly due to reclassification of earn-out payable amount from non-current to current liability amounting to RM4.9 million.

Earn-out payable of the Group relates to the balance purchase price for the acquisition of China subsidiaries. This is an unsecured amount payable in April 2018. The Group is currently exploring options to restructure the earn-out payable amount.

### Exchangeable Bonds

Exchangeable bonds amounting to RM9.3 million comprises of three tranches which were issued in the following manner:

- a) First tranche of S\$1.0 million on 25 April 2014;
- b) Subsequent tranche of S\$0.5 million on 5 December 2014; and
- c) Subsequent tranches of S\$1.5 million on 27 January 2015.

During the year, a Supplemental Exchangeable Bond Agreement was entered into with the Investor of which the maturity date of the Exchangeable Bond was postponed from 23 April 2017 to 23 April 2018. The Group is exploring further postponement of the maturity date of the exchangeable bond.



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### Working capital

#### Liquidity and Going Concern Assumptions

The financial statements have been prepared on a going concern basis assuming that the Group will continue to operate as a going concern notwithstanding that: (i) the net loss excluding one-off allowance for impairment amounting to RM18.5 million in FY2017; (ii) the net current liabilities of RM59.6 million of the Group in FY2017; and (iii) negative equity position of RM25.3 million in FY2017. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

The Board is of the opinion that the Group is able to continue to operate as a going concern and will have sufficient working capital to finance its operations in the next 12 months from the year end date, after taking into consideration of the following: (i) various discussions were held with financial institutions who have extended banking facilities to the Group ("Scheme Lenders") to address debt maturities, which includes restructuring and rescheduling of loan repayments. On 16 November 2017, the Company's Malaysian wholly-owned subsidiary group of companies applied and subsequently obtained an order from the High Court of Malaysia on 17 November 2017 to restrain the Scheme Lenders from taking any proceedings, including but not limited to enforcement of any security and winding up proceedings against its Malaysian group of companies. The court has also granted approval for a creditors' meeting with the Scheme Lenders so as to arrive at a mutually agreed loan repayment scheme. The deadline has been extended for 120 days from 16 February 2018 to 15 June 2018; (ii) the Group is also exploring balance sheet recapitalization and fund raising options and the restructuring of its Exchangeable Bonds and earn-out payables; (iii) the Group had closed down the underperforming outlets in 2017 and has a business rationalization plan in place to boost operational efficiencies; and (iv) the Group continues to implement measures to improve its liquidity condition, including but not limited to, shortening receivable collection period, lowering inventory level and tightening cost controls over various selling and administrative expenses.

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 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.

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 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.

#### Non-current liabilities

Other financial liabilities mainly consist of term loans and hire purchase payables. The decrease was from RM16.6 million as at 31 December 2016 to RM9.2 million as at 31 December 2017 was mainly due to reclassification of the earn-out payable which would mature on 23 April 2018 from non-current to current liabilities and repayment of bank borrowings during the period.



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### **Review of Statement of Cash Flows**

#### **Cash flows from operating activities**

Net cash outflow used in operating activities before working capital amounted to approximately RM6.1 million. Net cash from operating activities of approximately RM9.2 million was mainly due to decrease in trade and other receivables of approximately RM1.0 million, decrease in other assets of RM4.0 million mainly due to refund of security deposits pursuant to outlet closures and increase in trade and other payables of approximately RM10.3 million mainly due to extended credit term obtained from suppliers and shareholder advances.

#### **Cash flows used in investing activities**

Net cash used in investing activities of approximately RM1.5 million was mainly from the purchase of property and equipment for a new outlet in China, offsetted by proceeds from the partial disposal of a subsidiary company and certain assets of the Group.

#### **Cash flows used in financing activities**

Net cash used in financing activities of approximately RM8.8 million was mainly from the repayment of term loans of approximately RM7.2 million and payment of interest of approximately RM2.9 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There are no material variances to the information in the profit guidance announcement made on 22 February 2018.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In 2017, the Group and the F&B retail industry continued to face difficult operating environment, particularly in Malaysia, with the weak consumer sentiment due to the rising cost of living. In addition, profit margins were affected by rising operating costs coupled with competition to match increasing discounts and promotions by competitors. The Group anticipates the retailing business to continue to be competitive and challenging over the next 12 months.

Nevertheless, the Group is currently consolidating under-performing outlets and undertaking a rationalization exercise to achieve outlet operational efficiencies. In the meantime, austerity measures to reduce head office expenses will continue to be implemented to cushion the financial impact of the challenging period ahead.

In an effort to address its net current liability position, the Group is currently restructuring the repayment of its financial liabilities with the respective lenders. An order from the High Court of Order of Malaysia has been obtained to restrain the Scheme Lenders from taking any proceedings and to hold a creditors' meeting for a mutually agreed loan repayment scheme. This order has been extended to 15 June 2018.

Meanwhile, the Group is also exploring various options to recapitalize its balance sheet in order to improve its liquidity.





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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.

### 11. Dividend

#### (a) Current Financial period Reported On

None

#### (b) Corresponding Period of the Immediately Preceding Financial period

None

#### (c) Date payable

Not applicable.

#### (d) Books closure date

Not applicable.

### 12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the year ended 31 December 2017.

### 13. Interested Person Transactions

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Group does not have any general mandate from shareholders for Interested Person Transactions.

The Board and the AC has reviewed the IPTs entered during the FY2017 by the Group and the aggregate value of IPTs entered during the FY2017 is as follows:



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Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
TAP Venture Fund I Pte. Ltd. (formerly known as Asiasons Venture Fund Pte. Ltd.) <sup>(1)</sup>		Not applicable - the Company does not have a shareholders' mandate under Rule 920
- Interest expenses on Exchangeable Bonds	481	

Notes:

(1) Interest expenses paid to and subscription of Exchangeable Bonds by TAP Venture Fund I Pte. Ltd. (the "Investor"), a company in which Datuk Jared Lim Chih Li and Mr Ng Teck Wah are deemed interested in by virtue of the Investor being a private equity investment company managed by TAP Private Equity Pte. Ltd. ("TAPPE") on a full discretionary basis and TAPPE is in turn wholly owned by Attilan Group Limited.

### 14. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statement, with comparative information for the immediate preceding year

#### Business segment

As the Group operates principally in a single segment business which is the casual dining business serving food and beverages, no business segment reporting is presented.

#### Geographical segment

The geographical segment is presented as follows:



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	Malaysia RM'000	Singapore RM'000	Thailand RM'000	Indonesia RM'000	China RM'000	Total RM'000
<b>Year ended 31 December 2017 (Unaudited)</b>						
Revenues from external customers	79,922	-	-	18,684	39,499	138,105
Recurring earnings/(loss) before interest,taxes, depreciation and amortization ("EBITDA")	(5,008)	(302)	-	63	(940)	(6,187)
Finance cost	(1,499)	(1,476)	-	-	-	(2,975)
Depreciation	(3,598)	-	120	(715)	(2,113)	(6,306)
Amortisation	(127)	-	-	(73)	(123)	(323)
Operating loss before taxation	(10,232)	(1,778)	120	(725)	(3,176)	(15,791)
Property and equipment written off	(1,534)	-	-	-	(836)	(2,370)
Deposits and prepayments written off	-	-	-	-	(1,462)	(1,462)
Impairment allowance on property and equipment	(11,547)	-	-	(2,045)	-	(13,592)
Impairment allowance on franchise fees	(719)	-	-	-	-	(719)
Fair value adjustment on earn-out payable	425	-	-	-	-	425
Interest Income	174	-	-	-	-	174
Gain/(loss) on disposal of property and equipment	694	-	-	-	-	694
Gain/(loss) on foreign exchange	193	-	-	(13)	-	180
Loss before tax	(22,546)	(1,778)	120	(2,783)	(5,474)	(32,461)
Income tax expense	(353)	5	-	-	-	(348)
Profit/(loss) after tax	(22,899)	(1,773)	120	(2,783)	(5,474)	(32,809)
<b>Year ended 31 December 2017 (Unaudited)</b>						
<b>Assets and Liabilities</b>						
Segment assets						
Cash and cash equivalents	2,682	4	-	1,517	1,434	5,637
Trade and other receivables	4,054	-	6	1,613	2,280	7,952
Inventories	2,002	-	-	419	586	3,007
Other assets	4,696	-	-	3,010	2,838	10,544
Intangible assets	14,440	-	-	279	-	14,719
Property and equipment	21,486	-	21	5,153	4,154	30,814
Total assets	49,360	4	27	11,991	11,292	72,673
Segmental liabilities						
Deferred and current tax liabilities	2,201	-	-	-	-	2,201
Exchangeable bonds	-	8,964	-	-	-	8,964
Borrowings	22,735	-	-	-	-	22,735
Earn-out payable	4,858	-	-	-	-	4,858
Trade and other payables	41,707	4,956	351	5,811	6,249	59,074
Other liabilities	402	-	-	-	-	402
Total liabilities	71,903	13,920	351	5,811	6,249	98,234
Other Segment Information						
Expenditure for non-current assets:						
Property and equipment	-	-	-	-	-	-
-	-	-	-	-	-	-
Other non-cash expenses other than depreciation/amortisation						
- Property and equipment written off	1,534	-	-	-	836	2,370
- Fair value adjustment on earn-out payable	(425)	-	-	-	-	(425)
- Deposits and prepayments written off	-	-	-	-	1,462	1,462
- Impairment allowance on franchise fee	719	-	-	-	-	719
	1,828	-	-	-	2,298	4,126



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	Malaysia RM'000	Singapore RM'000	Thailand RM'000	Indonesia RM'000	China RM'000	Total RM'000
<b>Year ended 31 December 2016 (Audited)</b>						
Revenues from external customers	105,944	-	-	18,160	42,169	166,273
Recurring earnings/(loss) before interest,taxes, depreciation and amortization ("EBITDA")	2,049	(234)	454	739	946	3,954
Finance cost	(2,418)	(1,096)	-	-	-	(3,514)
Depreciation	(3,964)	-	(292)	(685)	(2,928)	(7,869)
Amortisation	(147)	-	-	(71)	-	(218)
Operating loss before taxation	(4,480)	(1,330)	162	(17)	(1,982)	(7,647)
Property and equipment written off	(611)	-	(218)	-	(894)	(1,723)
Impairment allowance on franchise fees	-	(226)	-	-	(957)	(1,183)
Fair value adjustment on earn-out payable	1,004	-	-	-	-	1,004
Interest Income	48	-	-	-	-	48
Gain/(loss) on disposal of property and equipment	574	-	-	-	-	574
Gain/(loss) on foreign exchange	(796)	-	-	(5)	-	(801)
Loss before tax	(4,261)	(1,556)	(56)	(22)	(3,833)	(9,728)
Income tax expense	(1,078)	101	-	(226)	(5)	(1,208)
Profit/(loss) after tax	(5,339)	(1,455)	(56)	(248)	(3,838)	(10,936)
<b>Year ended 31 December 2016 (Audited)</b>						
<b>Assets and Liabilities</b>						
<b>Segment assets</b>						
Cash and cash equivalents	4,383	14	-	1,126	2,597	8,120
Trade and other receivables	4,740	393	4	727	3,121	8,985
Inventories	2,476	-	-	403	839	3,718
Other assets	9,705	145	2	4,098	2,054	16,004
Intangible assets	14,890	-	-	577	-	15,467
Property and equipment	39,470	-	21	8,453	5,831	53,775
Non-current assets classified as held for sale	583	-	-	-	-	583
Total assets	76,247	552	27	15,384	14,442	106,652
<b>Segmental liabilities</b>						
Deferred and current tax liabilities	1,179	-	-	2,198	37	3,414
Exchangeable bonds	-	9,476	-	-	-	9,476
Borrowings	28,686	-	-	-	-	28,686
Earn-out payable	5,493	-	-	-	-	5,493
Trade and other payables	34,734	3,713	308	6,119	6,082	50,956
Other liabilities	315	-	-	-	-	315
Total liabilities	70,407	13,189	308	8,317	6,119	98,340
<b>Other Segment Information</b>						
<b>Expenditure for non-current assets:</b>						
Property and equipment	1,520	-	-	624	274	2,418
	1,520	-	-	624	274	2,418
<b>Other non-cash expenses other than depreciation/amortisation</b>						
- Property and equipment written off	611	-	218	-	894	1,723
- Fair value adjustment on earn-out payable	(1,004)	-	-	-	-	(1,004)
- Inventories written off	17	-	-	-	-	17
- Deposits and prepayments written off	167	-	-	-	-	167
- Impairment allowance on franchise fee	-	226	-	-	957	1,183
	(209)	226	218	-	1,851	2,086



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- 15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Paragraph 8.

- 16 Breakdown of sales**

THE GROUP	YEAR ENDED 31 DECEMBER		Changes %
	2017 RM'000 (Unaudited)	2016 RM'000 (Audited)	
(a) Sales reported for first half year	72,883	83,079	-12.3%
(b) Loss attributable to shareholders reported for first half year	(9,546)	(4,073)	-134.4%
(c) Sales reported for second half year	65,222	83,194	-21.6%
(b) Loss attributable to shareholders reported for second half year	<u>(23,238)</u>	<u>(6,835)</u>	-240.0%

- 17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

None.

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Nicol Roach Reddy	36	Son of Andrew Roach Reddy, the Managing Director of the Company	Chief Operating Officer 7 <sup>th</sup> November 2014	Not applicable
Louisa Benny George Benny	38	Niece of Andrew Roach Reddy, the Managing Director of the Company	Head Designer 1 <sup>st</sup> July 2008	Not applicable



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### 19. Negative confirmation on pursuant to Rule 705(5).

The Board of Directors confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial statements for the year ended 31 December 2017 to be false or misleading in any material aspect.

### 20. Confirmation of undertakings pursuant to Rule 720(1)

The Company has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7H under CR 720(1) of the Catalist Rules.

**On behalf of the Board of Directors**

**Ng Teck Wah**  
Non-Executive Chairman

**Andrew Roach Reddy**  
Managing Director

By order of the Board  
Ng Teck Wah  
Non-Executive Chairman

**1 March 2018**

*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.*

*The contact person for the Sponsor is Mr Liao H. K.  
Telephone number: 6221 0271.*