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

INDEPENDENT AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the "Board") of Chaswood Resources Holdings Ltd (the "Company" and together with its subsidiaries, the "Group") wishes to announce that the Group's independent auditors, Moore Stephens LLP (the "Independent Auditor"), has issued its report ("Independent Auditor's Report") on the audit of the financial statements of the Group for the financial year ended 31 December 2016 (the "Financial Statements").

The Independent Auditor's Report contains a material uncertainty related to going concern and is appended, together with Note 3(a) to the Financial Statements, to this announcement. The opinion of the Independent Auditors is not modified in respect of this matter.

As indicated in Note 3(a) to the Financial Statements, the directors of the Company believe that the use of going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2016 is appropriate after taking into consideration the following factors:

(a) Certain shareholders of the Company have undertaken not to recall the amounts due to them within the next twelve months to enable the Group and the Company to meet their obligations as and when they fall due;

(b) The Group is able to generate profits and/or have sufficient positive cash flows from its operations;

(c) The Group entered into an Exchangeable Bond Agreement (the "Agreement") with TAP Venture Fund I Pte. Ltd. (the "Investor"), and the Agreement states that the maturity date of the exchangeable bond shall be postponed from 23 April 2017 to 23 April 2018 (Note 22C).

Shareholders and potential investors of the Company are hereby reminded to exercise caution when dealing in the securities of the Company. Persons who are in doubt to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

BY ORDER OF THE BOARD

ANDREW ROACH REDDY
Managing Director
10 April 2017

*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, Investment Banking), CIMB Bank Berhad, Singapore Branch, 50 Raffles Place #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHASWOOD RESOURCES HOLDINGS LTD.

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chaswood Resources Holdings Ltd (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes in equity for the Company, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and the statement of changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(a) in the financial statements, the Group incurred a loss after tax of RM10,936,000 and total comprehensive loss of RM15,454,000 for the financial year ended 31 December 2016 and as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM41,871,000 and RM569,000 respectively. These conditions as stated in Note 3(a) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of property and equipment – leasehold improvements and equipment

We refer to Note 3(l) and Note 3(o) under "Summary of Significant Accounting Policies", Note 4 under "Critical Judgements, Assumptions and Estimation Uncertainties" and Note 12 to the financial statements.

The Group's property and equipment amounted to RM53,775,000, which comprised mainly the restaurants' leasehold improvements and equipment stated at RM22,114,000 and RM31,299,000 respectively as at 31 December 2016.

The Group incurred loss after tax of RM10,936,000 and total comprehensive loss of RM15,454,000 for the financial year ended 31 December 2016. There is a risk that the carrying amounts of the property and equipment may be impaired. Management performed an impairment test on the leasehold improvements and equipment and applied the value-in-use ("VIU") method to estimate the recoverable amounts of the leasehold improvements and equipment which involves the determination of discounted cash flow projections of the restaurants' business. An impairment loss will need to be recognised in the consolidated statement of comprehensive income if the recoverable amounts fall below the carrying amounts of the leasehold improvements and equipment as at year end.

We have identified the valuation of leasehold improvements and equipment as a key audit matter as the impairment test involves significant management judgement in estimating the underlying assumptions to be applied in the discounted cash flow projections. The recoverable amounts of the leasehold improvements and equipment are highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long term growth rate and the pre-tax discount rate used in the cash flow projections. A small change in the assumptions can have a significant impact on the estimation of the recoverable amounts.

Our response:

We evaluated the key assumptions used by management in the VIU calculations and compared these key assumptions including forecasted revenues, growth rates, gross margins, tax rates and discount rates against our knowledge of the Group's historical performance, and business and cost management strategies based on local facts and circumstances currently available. We performed a sensitivity analysis by changing certain key assumptions used in the VIU calculation and assessed the impact to the recoverable amounts of the leasehold improvements and equipment.

Our findings:

Our evaluation of the recoverable amounts of leasehold improvements and equipment is consistent with management's assessment.

Key Audit Matters (cont'd)

Valuation of goodwill and franchise agreement cost (collectively the "Intangible Assets")

We refer to Note 3(n), Note 3(o) and Note 3(p) under "Summary of Significant Accounting Policies", Note 4 under "Critical Judgements, Assumptions and Estimation Uncertainties" and Note 13 to the financial statements.

The Group's intangible assets amounted to RM15,467,000, which represented 15% of the Group's total assets as at 31 December 2016. The Intangible Assets comprised of goodwill amounting to RM14,394,000 and franchise agreement cost amounting to RM1,073,000 as at 31 December 2016.

The Group is required to perform an annual impairment test on the goodwill which arose from the Group's acquisition of the TGI Fridays business ("TGIF") in Malaysia and in the People's Republic of China ("PRC") in prior years. The Group also performs an impairment test on the franchise agreement cost when impairment indicators exist. The Group applies the value-in-use ("VIU") method to estimate the recoverable amounts of the Intangible Assets.

We have identified the valuation of Intangible Assets as a key audit matter as the impairment test involves significant management judgement in determining the allocation of Intangible Assets to the cash-generating unit ("CGU") and in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the Intangible Assets is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long term growth rate and the pre-tax discount rate used in the cash flow projections. A small change in the assumptions can have a significant impact on the estimation of the recoverable amount.

Our response:

We evaluated the key assumptions used by management in the VIU calculations and compared these key assumptions including forecasted revenues, growth rates, gross margins, tax rates and discount rates against our knowledge of the Group's historical performance, and business and cost management strategies based on local facts and circumstances currently available. We performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact to the recoverable amounts of the Intangible Assets.

Our findings:

Our evaluation of the recoverable amounts of Intangible Assets is consistent with management's assessment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHASWOOD RESOURCES HOLDINGS LTD.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHASWOOD RESOURCES HOLDINGS LTD.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHASWOOD RESOURCES HOLDINGS LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lao Mei Leng.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore

7 April 2017

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRSs"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM), which is the functional currency of the Company. All financial information presented in Ringgit Malaysia have been rounded to the nearest thousand, unless otherwise stated.

Going concern

The Group incurred a loss after tax of RM10,936,000 and total comprehensive loss of RM15,454,000 for the financial year ended 31 December 2016 and as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM41,871,000 and RM569,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2016 is appropriate after taking into consideration the following factors:

(a) Certain shareholders of the Company have undertaken not to recall the amounts due to them within the next twelve months to enable the Group and the Company to meet their obligations as and when they fall due.

(b) The Group is able to generate profits and/or have sufficient positive cash flows from its operations.

(c) The Group entered into an Exchangeable Bond Agreement (the "Agreement") with TAP Venture Fund I Pte. Ltd. (the "Investor"), and the Agreement states that the maturity date of the exchangeable bond shall be postponed from 23 April 2017 to 23 April 2018 (Note 22C).

If the Group and the Company are unable to continue their operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and non-current liabilities as current assets and current liabilities. No such adjustments have been made to the financial statements.