

**PAVILLON HOLDINGS LTD**
**Full Year Financial Statement And Dividend Announcement for the Year Ended 31 December 2016**

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

**1(a) 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 year.**

**Financial statements for year ended 31 December 2016**

|                                                                         | Group                    |                          |                         |
|-------------------------------------------------------------------------|--------------------------|--------------------------|-------------------------|
|                                                                         | January -<br>December 16 | January -<br>December 15 | Increase/<br>(Decrease) |
|                                                                         | S\$'000                  | S\$'000                  | %                       |
| <b>Continuing operation</b>                                             |                          |                          |                         |
| <b>Revenue (Note 1)</b>                                                 | 15,530                   | 13,326                   | 17                      |
| <b>Other items of income</b>                                            |                          |                          |                         |
| Interest income                                                         | 303                      | 199                      | 52                      |
| Other income                                                            | 1,870                    | 153                      | >100                    |
| <b>Items of expenses</b>                                                |                          |                          |                         |
| Raw materials and changes in inventories                                | (5,622)                  | (4,561)                  | 23                      |
| Personnel costs                                                         | (7,092)                  | (7,408)                  | (4)                     |
| Depreciation expenses                                                   | (660)                    | (756)                    | (13)                    |
| Net foreign exchange loss                                               | (29)                     | (3)                      | >100                    |
| Other expenses                                                          | (3,672)                  | (2,966)                  | 24                      |
| Share of results of joint ventures                                      | 518                      | -                        | NM                      |
| <b>Profit/(loss) before taxation (Note 2)</b>                           | 1,146                    | (2,016)                  | NM                      |
| Income tax expense (Note 3)                                             | (268)                    | (60)                     | >100                    |
| <b>Profit/(loss) after taxation from continuing operation</b>           | 878                      | (2,076)                  | NM                      |
| <b>Loss after taxation from discontinued operation</b>                  | -                        | (149)                    | (100)                   |
| <b>Profit/(loss) for the year</b>                                       | 878                      | (2,225)                  | NM                      |
| <b>Other comprehensive income</b>                                       |                          |                          |                         |
| Foreign currency translation (loss)/gain                                | (1,091)                  | 256                      | NM                      |
| <b>Total comprehensive income attributable to owners of the Company</b> | <b>(213)</b>             | <b>(1,969)</b>           | <b>(89)</b>             |
| <b>Earnings per share attributable to owners of the Company</b>         | <b>Cts</b>               | <b>Cts</b>               |                         |
| Basic                                                                   | 0.23                     | (0.57)                   | NM                      |
| Diluted                                                                 | 0.23                     | (0.57)                   | NM                      |

**Notes to Income Statement**

NM : Not meaningful

**Note 1: Revenue and Profit Before Taxation**

|                               | Restaurant | Corporate and<br>franchising | Leasing | Eliminations | Total   |
|-------------------------------|------------|------------------------------|---------|--------------|---------|
|                               | S\$'000    | S\$'000                      | S\$'000 | S\$'000      | S\$'000 |
| <b>2016</b>                   |            |                              |         |              |         |
| Revenue                       | 13,657     | 604                          | 1,269   | -            | 15,530  |
| (Loss)/profit before taxation | (158)      | 13                           | 651     | 640          | 1,146   |
| <b>2015</b>                   |            |                              |         |              |         |
| Revenue                       | 18,151     | 119                          | 242     | (5,186)      | 13,326  |
| Loss before taxation          | (403)      | (1,422)                      | (340)   | 149          | (2,016) |

**Note 2: Profit/(loss) before taxation is stated after (crediting)/charging the following:-**

|                                                  | Group                    |                          |                         |
|--------------------------------------------------|--------------------------|--------------------------|-------------------------|
|                                                  | January -<br>December 16 | January -<br>December 15 | Increase/<br>(Decrease) |
|                                                  | S\$'000                  | S\$'000                  | %                       |
| Impairment loss on property, plant and equipment | -                        | 8                        | (100)                   |
| Property, plant and equipment written off        | 1                        | -                        | NM                      |
| Gain on disposal of subsidiaries                 | (1,482)                  | -                        | NM                      |
| Interest income                                  | (303)                    | (199)                    | 52                      |

**Note 3: Taxation**

|                                                       | Group                    |                          |                         |
|-------------------------------------------------------|--------------------------|--------------------------|-------------------------|
|                                                       | January -<br>December 16 | January -<br>December 15 | Increase/<br>(Decrease) |
|                                                       | S\$'000                  | S\$'000                  | %                       |
| Income tax expense is made up of:-                    |                          |                          |                         |
| On results for the financial year:                    |                          |                          |                         |
| -Current income taxation                              | 202                      | 66                       | >100                    |
| -Deferred income taxation                             | 10                       | -                        | NM                      |
|                                                       | 212                      | 66                       |                         |
| Under/(Over) provision in respect<br>of prior years:- |                          |                          |                         |
| -Current income taxation                              | 56                       | (6)                      | NM                      |
|                                                       | 56                       | (6)                      |                         |
| <b>Total</b>                                          | <b>268</b>               | <b>60</b>                | <b>&gt;100</b>          |

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

|                                                         | Group         |               | Company       |               |
|---------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                         | 31/12/2016    | 31/12/2015    | 31/12/2016    | 31/12/2015    |
|                                                         | S\$'000       | S\$'000       | S\$'000       | S\$'000       |
| <b>ASSETS</b>                                           |               |               |               |               |
| <b>Non-current assets</b>                               |               |               |               |               |
| Property, plant and equipment                           | 1,676         | 2,320         | 1             | -             |
| Investment in subsidiary companies                      | -             | -             | 29,682        | 29,682        |
| Investment in joint ventures                            | 5,670         | -             | 4,319         | -             |
| Trade debtors                                           | 4,393         | 3,953         | -             | -             |
| Other debtors                                           | 65            | 60            | 47            | 60            |
| Deposits                                                | 166           | 240           | -             | -             |
| <b>Total non-current assets</b>                         | <b>11,970</b> | <b>6,573</b>  | <b>34,049</b> | <b>29,742</b> |
| <b>Current assets</b>                                   |               |               |               |               |
| Stocks                                                  | 1,173         | 1,292         | -             | -             |
| Trade debtors                                           | 20,431        | 1,109         | 50            | 18            |
| Other debtors                                           | 548           | 54            | 93            | 24            |
| Deposits and prepayments                                | 417           | 228           | 42            | 9             |
| Amounts due from subsidiary<br>companies (trade)        | -             | -             | 97            | 1,368         |
| Amounts due from subsidiary<br>companies (non-trade)    | -             | -             | 2,098         | 1,165         |
| Fixed deposits                                          | 3,031         | 23,696        | 3,031         | 3,506         |
| Cash and bank balances                                  | 8,294         | 8,852         | 1,451         | 5,628         |
|                                                         | <b>33,894</b> | <b>35,231</b> | <b>6,862</b>  | <b>11,718</b> |
| Assets of disposal group classified<br>as held for sale | -             | 2,983         | -             | -             |
| <b>Total assets</b>                                     | <b>45,864</b> | <b>44,787</b> | <b>40,911</b> | <b>41,460</b> |
| <b>EQUITY AND LIABILITIES</b>                           |               |               |               |               |
| <b>Current liabilities</b>                              |               |               |               |               |
| Trade creditors                                         | 996           | 576           | -             | -             |
| Other creditors and accruals                            | 4,076         | 1,305         | 566           | 572           |
| Provisions                                              | 95            | 190           | -             | -             |
| Deferred income                                         | -             | 12            | -             | -             |
| Income tax payable                                      | 206           | -             | -             | -             |
|                                                         | <b>5,373</b>  | <b>2,083</b>  | <b>566</b>    | <b>572</b>    |
| Liabilities directly associated with<br>disposal group  | -             | 2,000         | -             | -             |
| <b>Net current assets</b>                               | <b>28,521</b> | <b>34,131</b> | <b>6,296</b>  | <b>11,146</b> |

|                                                       | Group         |               | Company       |               |
|-------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                       | 31/12/2016    | 31/12/2015    | 31/12/2016    | 31/12/2015    |
|                                                       | S\$'000       | S\$'000       | S\$'000       | S\$'000       |
| <b>Non-current liabilities</b>                        |               |               |               |               |
| Deferred tax liabilities                              | 138           | 128           | -             | -             |
| Franchise deposits                                    | 100           | 110           | 100           | 110           |
| Provisions                                            | 90            | 90            | -             | -             |
|                                                       |               |               |               |               |
| <b>Total non-current liabilities</b>                  | <b>328</b>    | <b>328</b>    | <b>100</b>    | <b>110</b>    |
|                                                       |               |               |               |               |
| <b>Total liabilities</b>                              | <b>5,701</b>  | <b>4,411</b>  | <b>666</b>    | <b>682</b>    |
|                                                       |               |               |               |               |
| <b>Net assets</b>                                     | <b>40,163</b> | <b>40,376</b> | <b>40,245</b> | <b>40,778</b> |
|                                                       |               |               |               |               |
| <b>Equity attributable to owners of the Company</b>   |               |               |               |               |
| Share capital                                         | 39,433        | 39,433        | 39,433        | 39,433        |
| Reserve of disposal group classified as held for sale | -             | 487           | -             | -             |
| Foreign currency translation reserve                  | (812)         | 279           | -             | -             |
| Revenue reserve                                       | 1,542         | 135           | 812           | 1,345         |
|                                                       |               |               |               |               |
|                                                       | <b>40,163</b> | <b>40,334</b> | <b>40,245</b> | <b>40,778</b> |
| Non-controlling interests                             | -             | 42            | -             | -             |
|                                                       |               |               |               |               |
| <b>Total Equity</b>                                   | <b>40,163</b> | <b>40,376</b> | <b>40,245</b> | <b>40,778</b> |
|                                                       |               |               |               |               |
| <b>Total Equity and Liabilities</b>                   | <b>45,864</b> | <b>44,787</b> | <b>40,911</b> | <b>41,460</b> |

1(b)(ii) Aggregate amount of group's borrowings and debt securities.  
Nil.

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

|                                                         | Group                 |                       |
|---------------------------------------------------------|-----------------------|-----------------------|
|                                                         | January - December 16 | January - December 15 |
|                                                         | S\$'000               | S\$'000               |
| <b>Cash flow from operating activities :</b>            |                       |                       |
| Profit/(Loss) before taxation from continuing operation | 1,146                 | (2,016)               |
| Loss before taxation from discontinued operation        | -                     | (149)                 |
| <b>Adjustments for :</b>                                |                       |                       |
| Impairment loss on property, plant and equipment        | -                     | 8                     |
| Property, plant and equipment written off               | 1                     | -                     |
| Depreciation of property, plant and equipment           | 660                   | 828                   |
| Stocks loss                                             | -                     | 22                    |
| Interest income                                         | (303)                 | (256)                 |
| Share of results of joint ventures                      | (518)                 | -                     |
| Gain on disposal of subsidiaries                        | (1,482)               | -                     |
| Translation differences                                 | (994)                 | 222                   |
| <b>Operating loss before working capital changes</b>    | <b>(1,490)</b>        | <b>(1,341)</b>        |

|                                                                      | Group                    |                          |
|----------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                      | January -<br>December 16 | January -<br>December 15 |
|                                                                      | S\$'000                  | S\$'000                  |
| <b>(Increase)/decrease in :</b>                                      |                          |                          |
| Stocks                                                               | 119                      | (57)                     |
| Trade debtors                                                        | (19,298)                 | (5,048)                  |
| Other debtors, deposits and prepayments                              | (623)                    | 113                      |
| Trade creditors                                                      | 420                      | 103                      |
| Other creditors and accruals                                         | 2,652                    | 39                       |
| <b>Cash flow used in operations</b>                                  | <b>(18,220)</b>          | <b>(6,191)</b>           |
| Taxes paid                                                           | (52)                     | (468)                    |
| <b>Net cash flow used in operating activities</b>                    | <b>(18,272)</b>          | <b>(6,659)</b>           |
| Cash flow from investing activities                                  |                          |                          |
| Interest received                                                    | 315                      | 228                      |
| Purchase of property, plant and equipment                            | (31)                     | (69)                     |
| Investment in joint ventures                                         | (5,152)                  | -                        |
| Proceeds from disposal of subsidiaries                               | 2,000                    | -                        |
| <b>Net cash flow (used in)/generated from investing activities</b>   | <b>(2,868)</b>           | <b>159</b>               |
| Cash flow from financing activities                                  |                          |                          |
| Withdrawal/(placement) of fixed deposits                             | 20,665                   | (12,696)                 |
| <b>Net cash flow generated from / (used in) investing activities</b> | <b>20,665</b>            | <b>(12,696)</b>          |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          | <b>(475)</b>             | <b>(19,196)</b>          |
| Effect of exchange rate changes on cash and cash equivalents         | (83)                     | 12                       |
| Cash and cash equivalents at beginning of the financial year         | 8,852                    | 28,879                   |
| <b>Cash and cash equivalents at end of the financial year</b>        | <b>8,294</b>             | <b>9,695</b>             |

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.

|                                                               | Share capital | Reserve fund | Revenue reserve | Foreign currency translation reserve | Reserve of disposal group classified as held for sale | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
|---------------------------------------------------------------|---------------|--------------|-----------------|--------------------------------------|-------------------------------------------------------|----------------------------------------------------|---------------------------|--------------|
| Group                                                         | S\$'000       | S\$'000      | S\$'000         | S\$'000                              | S\$'000                                               | S\$'000                                            | S\$'000                   | S\$'000      |
| 2016                                                          |               |              |                 |                                      |                                                       |                                                    |                           |              |
| Balance as at 1 January 2016                                  | 39,433        | -            | 135             | 279                                  | 487                                                   | 40,334                                             | 42                        | 40,376       |
| Profit for the financial year                                 | -             | -            | 878             | -                                    | -                                                     | 878                                                | -                         | 878          |
| <u>Other comprehensive income</u>                             |               |              |                 |                                      |                                                       |                                                    |                           |              |
| Foreign currency translation                                  | -             | -            | -               | (1,091)                              | -                                                     | (1,091)                                            | -                         | (1,091)      |
| Other comprehensive income for the financial year, net of tax | -             | -            | -               | (1,091)                              | -                                                     | (1,091)                                            | -                         | (1,091)      |
| Total comprehensive income for the financial year             | -             | -            | 878             | (1,091)                              | -                                                     | (213)                                              | -                         | (213)        |
| <u>Changes in ownership interest in subsidiaries</u>          |               |              |                 |                                      |                                                       |                                                    |                           |              |
| Disposal of subsidiaries                                      | -             | -            | 529             | -                                    | (487)                                                 | 42                                                 | (42)                      | -            |
| Total changes in ownership interest in subsidiaries           | -             | -            | 529             | -                                    | (487)                                                 | 42                                                 | (42)                      | -            |
| Balance as at 31 December 2016                                | 39,433        | -            | 1,542           | (812)                                | -                                                     | 40,163                                             | -                         | 40,163       |

|                                                                     | Share capital | Reserve fund | Revenue reserve | Foreign currency translation reserve | Reserve of disposal group classified as held for sale | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
|---------------------------------------------------------------------|---------------|--------------|-----------------|--------------------------------------|-------------------------------------------------------|----------------------------------------------------|---------------------------|--------------|
|                                                                     | S\$'000       | S\$'000      | S\$'000         | S\$'000                              | S\$'000                                               | S\$'000                                            | S\$'000                   | S\$'000      |
| 2015                                                                |               |              |                 |                                      |                                                       |                                                    |                           |              |
| Balance as at 1 January 2015                                        | 39,433        | 684          | 2,360           | (174)                                | -                                                     | 42,303                                             | 42                        | 42,345       |
| Loss for the financial year                                         | -             | -            | (2,225)         | -                                    | -                                                     | (2,225)                                            | -                         | (2,225)      |
| <u>Other comprehensive income</u>                                   |               |              |                 |                                      |                                                       |                                                    |                           |              |
| Foreign currency translation                                        | -             | -            | -               | 256                                  | -                                                     | 256                                                | -                         | 256          |
| Total other comprehensive income for the financial year, net of tax | -             | -            | -               | 256                                  | -                                                     | 256                                                | -                         | 256          |
| Total comprehensive income for the financial year                   | -             | -            | (2,225)         | 256                                  | -                                                     | (1,969)                                            | -                         | (1,969)      |
| <u>Contributions by and distributions to owners</u>                 |               |              |                 |                                      |                                                       |                                                    |                           |              |
| Shares issued                                                       | -             | -            | -               | -                                    | -                                                     | -                                                  | -                         | -            |
| <u>Others</u>                                                       |               |              |                 |                                      |                                                       |                                                    |                           |              |
| Reserve attributable to disposal group classified as held for sale  | -             | (684)        | -               | 197                                  | 487                                                   | -                                                  | -                         | -            |
| Balance as at 31 December 2015                                      | 39,433        | -            | 135             | 279                                  | 487                                                   | 40,334                                             | 42                        | 40,376       |

Company

## 2016

|                                                     | Share capital | Revenue reserve | Total equity |
|-----------------------------------------------------|---------------|-----------------|--------------|
|                                                     | S\$'000       | S\$'000         | S\$'000      |
| Balance as at 1 January 2016                        | 39,433        | 1,345           | 40,778       |
| Loss for the financial year                         | -             | (533)           | (533)        |
| Total comprehensive income for the financial year   | -             | (533)           | (533)        |
| <u>Contributions by and distributions to owners</u> |               |                 |              |
| Share placement proceeds                            | -             | -               | -            |
| Total contributions by and distributions to owners  | -             | -               | -            |
| Balance as at 31 December 2016                      | 39,433        | 812             | 40,245       |

## 2015

|                                                     | Share capital | Revenue reserve | Total equity |
|-----------------------------------------------------|---------------|-----------------|--------------|
|                                                     | S\$'000       | S\$'000         | S\$'000      |
| Balance as at 1 January 2015                        | 39,433        | 2,829           | 42,262       |
| Loss for the financial year                         | -             | (1,484)         | (1,484)      |
| Total comprehensive income for the financial year   | -             | (1,484)         | (1,484)      |
| <u>Contributions by and distributions to owners</u> |               |                 |              |
| Share placement proceeds                            | -             | -               | -            |
| Total contributions by and distributions to owners  | -             | -               | -            |
| Balance as at 31 December 2015                      | 39,433        | 1,345           | 40,778       |

**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 of equity securities, issue of shares for cash or as consideration for acquisition or for any 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 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.**

| <u>Issued Share Capital</u>         | No. of shares | Capital (S\$) |
|-------------------------------------|---------------|---------------|
| Balance as at beginning of the year | 387,748,700   | 39,433,461    |
| Balance as at end of the year       | 387,748,700   | 39,433,461    |

There is no outstanding convertibles and treasury shares as at the end of the current financial year and as at the end of the previous financial year.

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

| Number of issued shares excluding treasury shares | 2016        | 2015        |
|---------------------------------------------------|-------------|-------------|
| As at beginning of the current financial year     | 387,748,700 | 387,748,700 |
| As at end of the current financial year           | 387,748,700 | 387,748,700 |

**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.**

| <u>Treasury shares</u>                                        | 2016 | 2015 |
|---------------------------------------------------------------|------|------|
| Balance as at beginning and end of the current financial year | -    | -    |

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

The figures have neither been audited nor reviewed by our auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as compared to the audited financial statements as at 31 December 2015, except for the adoption of new and revised Financial Reporting Standards (FRS) which became effective for periods beginning on or after 1 January 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.**

There are no changes in the accounting policies and methods of computation since the previous financial year.

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

|                                                                                                                                                                                                   | Group |  |        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--|--------|
|                                                                                                                                                                                                   | 2016  |  | 2015   |
| Profit per ordinary share for the financial year after deducting any provision for preference dividends:-                                                                                         | Cts   |  | Cts    |
| (a) Based on the weighted average number of ordinary shares on issue; and                                                                                                                         | 0.23  |  | (0.57) |
| (b) On a fully diluted basis                                                                                                                                                                      | 0.23  |  | (0.57) |
| (To disclose the basis used in arriving at the weighted average number of shares for the purposes of (6)(a) above and to provide details of any adjustments made for the purpose of (6)(b) above) |       |  |        |

Note to 6 (a) and 6 (b)

Basic and fully diluted earnings per share are calculated by dividing the Group's profit after taxation, amounting to \$0.9m (2015: -\$2.1m) by the weighted average number of ordinary shares in issue as at 31 December 2016 of 387,748,700 (31 December 2015: 387,748,700) shares.

**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.**

|                                                                                                                            | Group               |                     |  | Company             |                     |
|----------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|--|---------------------|---------------------|
|                                                                                                                            | As at<br>31/12/2016 | As at<br>31/12/2015 |  | As at<br>31/12/2016 | As at<br>31/12/2015 |
|                                                                                                                            | Cts                 | Cts                 |  | Cts                 | Cts                 |
| Net asset value per ordinary share based on existing issued share capital as at the end of the financial year reported on. | 10.36               | 10.41               |  | 10.38               | 10.52               |

**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.**

#### **Turnover and earnings**

Total revenue of the Group increased by approximately \$2.2m mainly due to increase in restaurant sales of approximately \$0.7m as a result of promotional activities carried out during the year, increase in franchise income of \$0.5m arising mainly from sales to a new franchisee in Cambodia and increase in leasing income of approximately \$1.0m as a result of increase in leasing transactions in the second half of the year.

Cost of raw materials used increased by approximately \$1.1m, in line with higher sales achieved during the year. Gross profit margin decreased from 65.8% to 63.8% in the current year, mainly due to higher sales discount given during the promotional period. Other income increased by approximately \$1.7m mainly due to gain on disposal of subsidiaries of approximately \$ 1.5m.

Personnel costs decreased by approximately \$0.3m mainly due to decrease in the number of employees as compared to the previous year (PY). Depreciation expenses decreased by approximately \$0.1m due to lower purchases of fixed assets during the year. Other expenses increased by approximately \$0.7m mainly due to increase in selling costs, professional fees, travelling expenses and retrenchment cost incurred during the year.

Share of results of joint ventures of approximately \$0.5m arose mainly from a joint venture company in cultural assets trading exchange business (Changjiang). Prior year loss before taxation (LBT) of \$2.0m turned into profit before taxation (PBT) of approximately \$1.1m, mainly due to increase in restaurant sales and leasing income, gain on disposal of subsidiaries, share of joint venture profits and decrease in personnel costs.

#### Singapore

Restaurant operations - revenue increased by approximately \$0.7m as compared to the PY mainly due to promotional activities carried out during the year. Prior year LBT of \$0.3m decreased by \$0.1m mainly due to higher sales achieved during the year.

Franchise services operations - revenue increased by approximately \$0.5m mainly due to sales to a new franchisee in Cambodia. LBT decreased by approximately \$0.9m as compared to the PY, mainly due to gain on disposal of subsidiaries being off set by decrease in management fee income as a result of disposal of subsidiaries in the PRC.

#### People's Republic of China

Restaurant operations - The Group disposed of its restaurant operations in the PRC in February 2016.

Leasing operations - Revenue from leasing operations increased by approximately \$1.0m as compared to the PY mainly due to increase in leasing transactions in the second half of the year. Prior year LBT of approximately \$0.3m turned into PBT of approximately \$0.7m mainly due to increase in leasing transactions during the year.

Associated companies - Changjiang contributed \$547k and State Research Pavillon Financial Leasing (SRPFL) contributed -\$29k to the Group PBT of the current year. SRPFL has not commence operations in the current year.

#### Balance sheet and cash flow review

Property, plant and equipment decreased by approximately \$0.6m as a result of depreciation expenses charged during the year. Investment in joint ventures of approximately \$5.7m arose mainly from investment in 2 joint venture companies, one in leasing business and the other in cultural assets trading exchange business. Non-current trade debtors increased by approximately \$0.4m mainly due to increase in lease instalments receivable.

Trade debtors increased by approximately \$19.3m, mainly due to increase in lease receivables. Other debtors increased by approximately \$0.5m mainly due to increase in input tax receivable. Fixed deposits decreased by approximately \$20.7m mainly due to investment in joint ventures and increase in leasing business working capital. Other creditors increased by approximately \$2.8m mainly due to increase in leasing deposits received during the year.

Net cash flow used in operating activities increased by approximately \$11.6m as compared to the PY, mainly due to increase in trade receivables of approximately \$14.2m and other receivables of approximately \$0.7m being off set by decrease in taxes paid of approximately \$0.4m, and increase in trade creditors of approximately \$0.3m and other creditors of approximately \$2.6m. Net cash flow used in investing activities increased by approximately \$3.0m mainly due to investment in joint ventures approximately \$5.2m being off set by sales proceeds from disposal of subsidiaries of \$2.0m. Net cash flow generated from financing activities of approximately \$20.7m mainly arose from withdrawal of fixed deposits during the year.

#### Share placement proceeds utilisation

Share placement fund received

Fund utilised:

Purchase of leasing assets

Capital injection into joint venture

Operating expenses of leasing business

Total fund utilised

Unutilised placement fund as at 31 December 2016

| S\$'000  | S\$'000  |
|----------|----------|
|          | 24,840   |
| (20,008) |          |
| (4,318)  |          |
| (514)    |          |
|          | (24,840) |
|          | -        |

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

The actual results are in line with the general prospect commentary previously disclosed in the half-year results announcement for the financial period ended 30 June 2016.

#### 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.

The food and beverage industry in Singapore is expected to remain competitive and challenging. The Group has completed the disposal of its restaurant business in the PRC in February 2016.

Management will continue to explore opportunities to expand the leasing business in view of the growth in this sector in the PRC.

Changjiang will continue to expand its business in 2017.

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended):**

No dividend has been declared or recommended.

**(b) (i) Amount per share :** Not applicable.

**(ii) Previous corresponding period :** None

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated.)**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended.

**13. If the Group has obtained a general mandate from the shareholders for Interested Person Transaction ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to the effect.**

The Group and the Company have not obtained any general mandate from shareholders for IPT pursuant to Rule 920.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in the Appendix 7.7) under Rule 720(1)**

The Company has procured undertakings from all its directors and executive officers under Rule 720(1).

**Part II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3, or Half-Year Results)

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

|                                                  | Restaurant<br>operations<br>S\$'000 | Corporate and<br>franchising<br>services<br>S\$'000 | Leasing<br>operations<br>S\$'000 | Eliminations<br>S\$'000 | Notes | Group<br>S\$'000 |
|--------------------------------------------------|-------------------------------------|-----------------------------------------------------|----------------------------------|-------------------------|-------|------------------|
| <b>2016</b>                                      |                                     |                                                     |                                  |                         |       |                  |
| Turnover                                         |                                     |                                                     |                                  |                         |       |                  |
| -external sales                                  | 13,657                              | 604                                                 | 1,269                            | -                       |       | 15,530           |
| -inter-segment sales                             | -                                   | 1,775                                               | -                                | (1,775)                 | B     | -                |
|                                                  | <u>13,657</u>                       | <u>2,379</u>                                        | <u>1,269</u>                     | <u>(1,775)</u>          |       | <u>15,530</u>    |
| Interest income                                  | -                                   | 59                                                  | 244                              | -                       |       | 303              |
| Property, plant and equipment<br>written off     | 1                                   | -                                                   | -                                | -                       |       | 1                |
| Depreciation of property, plant and<br>equipment | (581)                               | -                                                   | (79)                             | -                       |       | (660)            |
| Share of results of joint ventures               | -                                   | 547                                                 | (29)                             | -                       |       | 518              |
| Stock loss                                       | -                                   | -                                                   | -                                | -                       |       | -                |
| Segment (loss)/profit                            | <u>(158)</u>                        | <u>13</u>                                           | <u>651</u>                       | <u>640</u>              | C     | <u>1,146</u>     |
| Investment in joint ventures                     | -                                   | 5,152                                               | -                                | -                       |       | 5,152            |
| Additions to non-current assets                  | 24                                  | 1                                                   | 6                                | -                       | D     | 31               |
| Segment assets                                   | 4,305                               | 40,011                                              | 32,318                           | (30,770)                | E     | 45,864           |
| Segment liabilities                              | 1,722                               | 2,796                                               | 5,464                            | (4,281)                 | F     | 5,701            |

| 2015                                                | Restaurant<br>operations<br>S\$'000 | Corporate and<br>franchising<br>services<br>S\$'000 | Leasing<br>operations<br>S\$'000 | Eliminations<br>S\$'000 | Notes | Group<br>S\$'000 |
|-----------------------------------------------------|-------------------------------------|-----------------------------------------------------|----------------------------------|-------------------------|-------|------------------|
| Turnover                                            | 18,151                              | 119                                                 | 242                              | (5,186)                 | A     | 13,326           |
| -external sales                                     | -                                   | 2,236                                               | -                                | (2,236)                 | B     | -                |
| -inter-segment sales                                | 18,151                              | 2,355                                               | 242                              | (7,422)                 |       | 13,326           |
| Interest income                                     | 57                                  | 94                                                  | 105                              | (57)                    | A     | 199              |
| Property, plant and equipment<br>written off        | -                                   | -                                                   | -                                | -                       |       | -                |
| Stock loss                                          | (22)                                | -                                                   | -                                | 22                      |       | -                |
| Depreciation of property, plant and<br>equipment    | (743)                               | (3)                                                 | (82)                             | 72                      | A     | (756)            |
| Impairment loss on trade debtors                    | -                                   | -                                                   | -                                | -                       |       | -                |
| Impairment loss on property, plant<br>and equipment | (8)                                 | -                                                   | -                                | (56)                    | A     | (64)             |
| Segment (loss)/profit                               | (403)                               | (1,422)                                             | (340)                            | 149                     | C     | (2,016)          |
| Additions to non-current assets                     | 69                                  | -                                                   | -                                | -                       | D     | 69               |
| Segment assets                                      | 7,857                               | 38,014                                              | 27,672                           | (28,756)                | E     | 44,787           |
| Segment liabilities                                 | 4,611                               | 682                                                 | 358                              | (1,240)                 | F     | 4,411            |

#### Geographical information

|                            | Revenue |         | Non-current |         |
|----------------------------|---------|---------|-------------|---------|
|                            | 2016    | 2015    | 2016        | 2015    |
|                            | S\$'000 | S\$'000 | S\$'000     | S\$'000 |
| Singapore                  | 13,813  | 12,976  | 1,420       | 1,978   |
| People's Republic of China | 1,269   | 5,413   | 256         | 437     |
| Others                     | 448     | 123     | -           | -       |
| Discontinued operation     | -       | (5,186) | -           | (95)    |
|                            | 15,530  | 13,326  | 1,676       | 2,320   |

Non-current assets information presented above consists of property, plant and equipment as presented in the consolidated balance sheet.

#### Note A

Amounts relating to the planned disposal has been excluded to arrive at amounts shown in profit or loss as they are presented separately in the income statement within one line item, "loss after taxation from discontinued operation"

#### Note B

Inter-segment revenues are eliminated on consolidation.

#### Note C

The following items are deducted from segment profit to arrive at profit before tax presented in the consolidated income statement:

|                                                   | 2016    | 2015    |
|---------------------------------------------------|---------|---------|
|                                                   | S\$'000 | S\$'000 |
| Net book value of discontinued operation          | 647     | -       |
| Doubtful debts incurred on non-trade debts        | 5       | -       |
| Exchange loss on translation of intercompany loan | (12)    | -       |
| Segment results of discontinued operation         | -       | 149     |
|                                                   | 640     | 149     |

#### Note D

Additions to non-current assets consists of additions to property, plant and equipment.

#### Note E

The following items are added to / (deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

|                              | 2016     | 2015     |
|------------------------------|----------|----------|
|                              | S\$'000  | S\$'000  |
| Unallocated corporate assets | 3,031    | 3,505    |
| Inter-segment assets         | (33,801) | (32,261) |
|                              | (30,770) | (28,756) |

Note F

The following items are added to / (deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

|                           | 2016           | 2015           |
|---------------------------|----------------|----------------|
|                           | S\$'000        | S\$'000        |
| Income tax payables       | 206            | -              |
| Deferred tax liabilities  | 138            | 128            |
| Inter-segment liabilities | (4,625)        | (1,368)        |
|                           | <u>(4,281)</u> | <u>(1,240)</u> |

**16. 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 note 8 for commentary.

**17. A breakdown of sales as follows:-**

|                                                                                                    | Group   |         |         |
|----------------------------------------------------------------------------------------------------|---------|---------|---------|
|                                                                                                    | 2016    | 2015    | Changes |
|                                                                                                    | S\$'000 | S\$'000 | %       |
| Sales reported for first half-year                                                                 | 7,721   | 9,749   | (21)    |
| Operating profit/(loss) after tax before deducting minority interests reported for first half-year | 882     | (997)   | NM      |
| Sales reported for second half-year                                                                | 7,809   | 3,577   | >100    |
| Operating loss after tax before deducting minority interests reported for second half-year         | (4)     | (1,228) | (100)   |

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

|            | 2016 | 2015 |
|------------|------|------|
|            | S\$  | S\$  |
| Ordinary   | -    | -    |
| Preference | -    | -    |
| Total:     | -    | -    |

Note 1 : No dividends declared during the year.

Please refer to para 11 on dividends.

**19. 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(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no relative of a director or chief executive officer or substantial shareholder of the Company or the Group who is occupying a managerial position in the Company or any of its principal subsidiaries.

BY ORDER OF THE BOARD

John Chen Seow Phun

Executive Chairman

24-Feb-17