

Financial Statements and Dividend Announcement for the year ended 31 December 2016

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

1(a)(i) Consolidated Statement of Comprehensive Income

	12 Months		3 Months	
	01.01.2016 to 31.12.2016	01.01.2015 to 31.12.2015	01.10.2016 to 31.12.2016	01.10.2015 to 31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	410,032	443,517	91,508	95,616
Cost of sales	(254,454)	(266,408)	(58,345)	(57,325)
Gross profit	155,578	177,109	33,163	38,291
Other income	5,486	6,656	1,353	1,710
Other gains - net	15,935	12,425	16,847	8,972
Expenses				
- Advertising and promotion	(33,814)	(39,867)	(8,488)	(7,780)
- Marketing	(1,627)	(1,619)	(452)	(380)
- Selling and distribution	(73,426)	(78,381)	(17,881)	(17,966)
- Administrative	(33,060)	(32,901)	(11,297)	(5,229)
- Finance	-	(78)	-	(29)
Share of profit of associated companies and a joint venture	503	665	32	139
Profit before income tax	35,575	44,009	13,277	17,728
Income tax expense	(6,613)	(7,183)	(2,936)	(3,479)
Net profit for the period attributable to equity holders of the Company	28,962	36,826	10,341	14,249
Other comprehensive income/(losses):				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets				
- Fair value gains/(losses)	57,293	(39,213)	63,153	9,766
- Reclassification	-	(130)	-	-
Cash flow hedges				
- Fair value gains	93	-	706	-
- Reclassification	173	-	(129)	-
Currency translation gains/(losses) arising from consolidation	2,924	(18,965)	7,695	1,121
Other comprehensive income/(losses) for the period, net of tax	60,483	(58,308)	71,425	10,887
Total comprehensive income/(losses) attributable to equity holders of the Company	89,445	(21,482)	81,766	25,136

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Net profit for the year is derived after (crediting)/charging the following:

	12 Months		3 Months	
	01.01.2016 to 31.12.2016	01.01.2015 to 31.12.2015	01.10.2016 to 31.12.2016	01.10.2015 to 31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Revenue</u>				
Dividend income from available-for-sale financial assets	(2,865)	(4,037)	-	-
<u>Cost of sales</u>				
Depreciation	7,049	6,227	1,830	1,591
Write-down of inventories, net	2,904	2,573	1,035	553
<u>Marketing expense</u>				
Depreciation	13	13	2	3
<u>Selling and distribution expense</u>				
Depreciation	3,207	3,476	781	842
Impairment of/(Write-back of impairment on) trade receivables - net	44	315	(24)	178
<u>Administrative expense</u>				
Depreciation	2,891	2,693	811	697
<u>Other losses/(gains) - net</u>				
Property, plant and equipment written-off	36	357	4	42
Fair value gains on available-for-sale financial assets reclassified from other comprehensive income on disposal	-	(130)	-	-
Impairment loss on available-for-sale financial assets	5	45	5	45
Investment property written-off	13	-	13	-
Fair value gains on investment properties - net	(14,811)	(8,785)	(14,811)	(8,785)
Currency translation gain - net	(289)	(3,193)	(1,547)	(88)
(Gain)/Loss on disposal of property, plant and equipment	(405)	(3)	(415)	1
<u>Other income</u>				
Interest income	(487)	(658)	(112)	(280)
<u>Finance expense</u>				
Interest expense on bank borrowings	-	78	-	29
<u>Income tax</u>				
(Over)/Under provision of tax in respect of prior years	(395)	(376)	232	915

1(b) Balance Sheets

	Group		Company	
	As at 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	92,224	112,121	23,654	57,860
Trade and other receivables	79,712	72,066	99,354	76,361
Inventories	58,006	68,629	-	-
Current income tax recoverable	1,197	982	-	-
Available-for-sale financial assets	166,670	-	-	-
	397,809	253,798	123,008	134,221
Non-current assets				
Available-for-sale financial assets	100	109,482	100	105
Loans to subsidiaries	-	-	22,563	23,046
Investments in associated companies	5,502	5,170	-	-
Investment in a joint venture	-*	-	-	-
Investments in subsidiaries	-	-	442,875	442,875
Investment properties	128,986	113,519	69,000	72,500
Property, plant and equipment	242,835	211,457	3,029	1,093
Deferred income tax assets	1,628	2,349	-	-
	379,051	441,977	537,567	539,619
Total assets	776,860	695,775	660,575	673,840
LIABILITIES				
Current liabilities				
Trade and other payables	79,650	83,378	161,022	162,950
Current income tax liabilities	1,895	998	37	179
	81,545	84,376	161,059	163,129
Non-current liabilities				
Provisions for other liabilities and charges	2,399	2,200	-	-
Deferred income tax liabilities	13,561	10,919	395	354
Other non-current liabilities	37	36	-	-
	15,997	13,155	395	354
Total liabilities	97,542	97,531	161,454	163,483
NET ASSETS	679,318	598,244	499,121	510,357
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	224,916	221,990	224,916	221,990
Capital reserve	6,066	6,066	-	-
Other reserves	67,773	7,106	2,313	2,090
Retained profits	380,563	363,082	271,892	286,277
TOTAL EQUITY	679,318	598,244	499,121	510,357

* : Amount is less than \$1,000.

1(b)(i) Aggregate amount of group's borrowings and debt securities

The Group and the Company do not have any borrowings and debt securities.

Details of any collateral

Not applicable.

1(c) Consolidated Statement of Cash Flows

	12 Months ended		3 Months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Net profit for the period	28,962	36,826	10,341	14,249
Adjustments for :				
Income tax expense	6,613	7,183	2,936	3,479
Depreciation of property, plant and equipment	13,160	12,409	3,424	3,133
Dividend income from available-for-sale financial assets	(2,865)	(4,037)	-	-
Share-based payment expense and other employee benefits	3,149	4,290	478	694
Property, plant and equipment written-off	36	357	4	42
Fair value gains on investment properties, net	(14,811)	(8,785)	(14,811)	(8,785)
Unrealised currency translation differences	2,105	100	3,726	8,612
(Gain)/Loss on disposal of property, plant and equipment	(405)	(3)	(415)	1
Fair value gains on available-for-sale financial assets reclassified from other comprehensive income on disposal	-	(130)	-	-
Investment property written-off	13	-	13	-
Impairment loss on available-for-sale financial assets	5	45	5	45
Interest expense	-	78	-	29
Interest income	(487)	(658)	(112)	(280)
Provision for retirement benefits	294	291	60	77
Share of profit of associated companies and a joint venture	(503)	(665)	(32)	(139)
	35,266	47,301	5,617	21,157
Changes in working capital :				
Trade and other receivables	(2,669)	(9,199)	(3,078)	2,400
Inventories	10,348	(12,473)	5,986	(13,509)
Trade and other payables	(3,314)	15,015	(4,082)	(261)
Cash generated from operations	39,631	40,644	4,443	9,787
Income tax paid	(2,514)	(2,308)	(689)	(1,914)
Retirement benefits paid	(71)	(223)	(25)	(22)
Net cash provided by operating activities	37,046	38,113	3,729	7,851

1(c) Consolidated Statement of Cash Flows (continued)

	12 Months ended		3 Months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Dividends received from available-for-sale financial assets	2,865	4,037	-	-
Proceeds from disposal of property, plant and equipment	1,055	83	794	-
Purchases of property, plant and equipment	(44,782)	(41,708)	(6,423)	(17,818)
Deposits paid for property, plant and equipment	(5,303)	(96)	(5,303)	-
Interest received	487	658	112	280
Net cash used in investing activities	(45,678)	(37,026)	(10,820)	(17,538)
Cash flows from financing activities				
Dividends paid	(11,520)	(11,493)	-	-
Interest paid	-	(78)	-	(29)
Repayments of borrowings	-	(7,000)	-	(5,200)
Net cash used in financing activities	(11,520)	(18,571)	-	(5,229)
Net decrease in cash and cash equivalents	(20,152)	(17,484)	(7,091)	(14,916)
Cash and cash equivalents at beginning of financial period	112,121	130,821	98,658	127,111
Effects of currency translation on cash and cash equivalents	255	(1,216)	657	(74)
Cash and cash equivalents at end of financial period	92,224	112,121	92,224	112,121
Represented by:				
Cash at bank and on hand	58,701	39,954	58,701	39,954
Fixed deposits with financial institutions	33,523	72,167	33,523	72,167
Cash and cash equivalents as per balance sheet and above	92,224	112,121	92,224	112,121

1(d)(i) Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2016

	<u>Attributable to equity holders of the Company</u>									
	Share capital	Capital reserve	Property revaluation reserve	Fair value reserve	Foreign	General reserve	Share-based payment reserve	Hedging reserve	Retained profits	Total equity
					currency translation reserve					
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	221,990	6,066	18,881	78,453	(54,553)	(37,765)	2,090	-	363,082	598,244
Profit for the year	-	-	-	-	-	-	-	-	28,962	28,962
Other comprehensive income for the year	-	-	-	57,293	2,924	-	-	266	-	60,483
Transfer to retained profits on realisation	-	-	(24)	-	-	(15)	-	-	39	-
Total comprehensive income for the year	-	-	(24)	57,293	2,924	(15)	-	266	29,001	89,445
Employee share-based compensation scheme										
- Value of employee services	-	-	-	-	-	-	3,149	-	-	3,149
- Issue of new shares	2,926	-	-	-	-	-	(2,926)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(11,520)	(11,520)
Total transactions with owners, recognised directly in equity	2,926	-	-	-	-	-	223	-	(11,520)	(8,371)
Balance at 31 December 2016	224,916	6,066	18,857	135,746	(51,629)	(37,780)	2,313	266	380,563	679,318

1(d)(i) Consolidated Statement of Changes in Equity (continued)

For the financial year ended 31 December 2015

	<u>Attributable to equity holders of the Company</u>									
	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Share-based payment reserve \$'000	Hedging reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 January 2015	219,593	6,066	18,905	117,796	(35,588)	(37,750)	428	-	337,710	627,160
Profit for the year	-	-	-	-	-	-	-	-	36,826	36,826
Other comprehensive losses for the year	-	-	-	(39,343)	(18,965)	-	-	-	-	(58,308)
Transfer to retained profits on realisation	-	-	(24)	-	-	(15)	-	-	39	-
Total comprehensive losses for the year	-	-	(24)	(39,343)	(18,965)	(15)	-	-	36,865	(21,482)
Employee share-based compensation scheme										
- Value of employee services	-	-	-	-	-	-	4,059	-	-	4,059
- Issue of new shares	2,397	-	-	-	-	-	(2,397)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(11,493)	(11,493)
Total transactions with owners, recognised directly in equity	2,397	-	-	-	-	-	1,662	-	(11,493)	(7,434)
Balance at 31 December 2015	221,990	6,066	18,881	78,453	(54,553)	(37,765)	2,090	-	363,082	598,244

1(d)(i) Consolidated Statement of Changes in Equity (continued)

For the quarter ended 31 December 2016

	<u>Attributable to equity holders of the Company</u>									
	Share capital	Capital reserve	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Share-based payment reserve	Hedging reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2016	224,916	6,066	18,863	72,593	(59,324)	(37,775)	1,835	(311)	370,211	597,074
Profit for the quarter	-	-	-	-	-	-	-	-	10,341	10,341
Other comprehensive income for the quarter	-	-	-	63,153	7,695	-	-	577	-	71,425
Transfer to retained profits on realisation	-	-	(6)	-	-	(5)	-	-	11	-
Total comprehensive income for the quarter	-	-	(6)	63,153	7,695	(5)	-	577	10,352	81,766
Employee share-based compensation scheme - Value of employee services	-	-	-	-	-	-	478	-	-	478
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	478	-	-	478
Balance at 31 December 2016	224,916	6,066	18,857	135,746	(51,629)	(37,780)	2,313	266	380,563	679,318

1(d)(i) Consolidated Statement of Changes in Equity (continued)

For the quarter ended 31 December 2015

	<u>Attributable to equity holders of the Company</u>									
	<u>Share capital</u>	<u>Capital reserve</u>	<u>Property revaluation reserve</u>	<u>Fair value reserve</u>	<u>Foreign currency translation reserve</u>	<u>General reserve</u>	<u>Share-based payment reserve</u>	<u>Hedging reserve</u>	<u>Retained profits</u>	<u>Total equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2015	221,990	6,066	18,887	68,687	(55,674)	(37,761)	1,397	-	348,823	572,415
Profit for the quarter	-	-	-	-	-	-	-	-	14,249	14,249
Other comprehensive income for the quarter	-	-	-	9,766	1,121	-	-	-	-	10,887
Transfer to retained profits on realisation	-	-	(6)	-	-	(4)	-	-	10	-
Total comprehensive income for the quarter	-	-	(6)	9,766	1,121	(4)	-	-	14,259	25,136
Employee share-based compensation scheme - Value of employee services	-	-	-	-	-	-	693	-	-	693
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	693	-	-	693
Balance at 31 December 2015	221,990	6,066	18,881	78,453	(54,553)	(37,765)	2,090	-	363,082	598,244

1(d)(i) Statement of Changes in Equity of the Company

For the financial year ended 31 December 2016

	<u>Share capital</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Share-based payment reserve</u> \$'000	<u>Retained profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2016	221,990	-	2,090	286,277	510,357
Loss and total comprehensive loss for the year	-	-	-	(2,865)	(2,865)
Employee share-based compensation scheme					
- Value of employee services	-	-	3,149	-	3,149
- Issue of new shares	2,926	-	(2,926)	-	-
Dividends paid	-	-	-	(11,520)	(11,520)
Total transactions with owners, recognised directly in equity	2,926	-	223	(11,520)	(8,371)
Balance at 31 December 2016	224,916	-	2,313	271,892	499,121

For the financial year ended 31 December 2015

	<u>Share capital</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Share-based payment reserve</u> \$'000	<u>Retained profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2015	219,593	280	428	269,669	489,970
Profit for the year	-	-	-	28,101	28,101
Other comprehensive loss for the year	-	(280)	-	-	(280)
Total comprehensive income for the year	-	(280)	-	28,101	27,821
Employee share-based compensation scheme					
- Value of employee services	-	-	4,059	-	4,059
- Issue of new shares	2,397	-	(2,397)	-	-
Dividends paid	-	-	-	(11,493)	(11,493)
Total transactions with owners, recognised directly in equity	2,397	-	1,662	(11,493)	(7,434)
Balance at 31 December 2015	221,990	-	2,090	286,277	510,357

1(d)(i) Statement of Changes in Equity of the Company (continued)

For the quarter ended 31 December 2016

	<u>Share capital</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Share-based payment reserve</u> \$'000	<u>Retained profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 October 2016	224,916	-	1,835	276,435	503,186
Loss and total comprehensive loss for the quarter	-	-	-	(4,543)	(4,543)
Employee share-based compensation scheme - Value of employee services	-	-	478	-	478
Total transactions with owners, recognised directly in equity	-	-	478	-	478
Balance at 31 December 2016	224,916	-	2,313	271,892	499,121

For the quarter ended 31 December 2015

	<u>Share capital</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Share-based payment reserve</u> \$'000	<u>Retained profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 October 2015	221,990	-	1,397	289,210	512,597
Loss and total comprehensive loss for the quarter	-	-	-	(2,933)	(2,933)
Employee share-based compensation scheme - Value of employee services	-	-	693	-	693
Total transactions with owners, recognised directly in equity	-	-	693	-	693
Balance at 31 December 2015	221,990	-	2,090	286,277	510,357

- 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 year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.

	3 months ended 31.03.2016	3 months ended 30.06.2016	3 months ended 30.09.2016	3 months ended 31.12.2016
Issued and fully paid ordinary shares ('000):				
As at beginning of period	575,887	575,981	577,702	577,702
Issued during the period				
- pursuant to the grant of awards under employee share-based compensation scheme	94	1,721	-	-
As at end of period	575,981	577,702	577,702	577,702

The Company does not have any convertibles.

- 1(d)(iii) To show number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at end of the current financial year and as at end of the immediately preceding year.

The Company does not have any treasury shares.

- 1(d)(iv) To show the total number of issued shares excluding treasury shares as at end of the current financial year and as at end of the immediately preceding year:-

	31.12.2016	31.12.2015
Number of issued shares excluding treasury shares ('000)	577,702	575,887

The Company does not have any treasury shares.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2016 (31 December 2015: Nil).

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

The figures have been audited in accordance with Singapore Standards on Auditing.

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

The independent auditors' report on the financial statements of Yeo Hiap Seng Limited and its subsidiaries for the financial year ended 31 December 2016 is unmodified. Please refer to Attachment I.

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 has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2015, except as explained in Section 5 below.

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.**

On 1 January 2016, the Group has adopted hedge accounting. The fair value changes of the hedging instruments on the effective portion of cash flow hedges are recognised in other comprehensive income. As at 31 December 2016, the hedges are assessed to be effective and as a result the fair value gains of \$266,000 on the hedging instruments are recognised in other comprehensive income. The amount accumulated in equity will be reclassified to the carrying amount of the hedged non-monetary asset upon acquisition or to profit or loss when the hedged forecast transactions are recognised.

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

Earnings per ordinary share of the Group

	Group		Group	
	12 Months		3 Months	
	01.01.2016 To 31.12.2016	01.01.2015 To 31.12.2015	01.10.2016 To 31.12.2016	01.10.2015 To 31.12.2015
Earnings per ordinary share for the period based on net profit attributable to equity holders of the Company during the period:-				
(a) Based on weighted average number of ordinary shares in issue (cents)	5.02	6.40	1.79	2.47
(b) On a fully diluted basis (cents)	5.01	6.39	1.79	2.47
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	576,936	575,339	577,702	575,887
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share ('000)	578,559	576,258	579,136	576,770

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 year reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	31.12.2016 Cents	31.12.2015 Cents	31.12.2016 Cents	31.12.2015 Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares as at the end of the reporting period	117.59	103.88	86.40	88.62

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 year 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 year reported on.

8(a) Year to Date Results - 12 months ended 31 December 2016 vs. 12 months ended 31 December 2015

Food and Beverage division performance

The Food and Beverage ("F&B") revenue and gross profit decreased by 7.3% and 12.3% to \$407.15 million and \$143.05 million respectively for the financial year ended 31 December 2016 as compared to the last financial year. The decline in gross profit was mainly due to lower revenue and higher raw material costs in the current financial year. Overall, the F&B division recorded a segment profit of \$14.07 million in the current financial year mainly due to:

- Lower gross profit of \$19.99 million explained above;
 - Lower currency translation gains of \$3.69 million;
- and partially offset by:
- Lower advertising and promotion expenses of \$6.13 million as we focused on higher impact advertising campaigns and were more efficient in our promotion spending; and
 - Lower selling and distribution expenses of \$4.60 million primarily as a result of lower sales in the current financial year.

Property division performance

There were no property development or selling activities in the current financial year.

Group performance

The Group recorded a net profit after tax attributable to equity holders of the Company of \$28.96 million in the current financial year which included \$5.66 million higher net fair value gains on investment properties, net of tax. The Group's net profit after tax for the last financial year had included a write-back of construction costs and income tax of \$2.86 million in the Property division and a higher dividend income from available-for-sale financial assets of \$1.17 million. Excluding the impact of these items, the Group's net profit after tax attributable to equity holders of the Company decreased \$3.84 million.

8(b) Fourth Quarter Results - 3 months ended 31 December 2016 vs. 3 months ended 31 December 2015

Food and Beverage division performance

The F&B revenue and gross profit decreased by 4.3% and 13.7% to \$91.49 million and \$30.97 million respectively for the quarter ended 31 December 2016 as compared to the corresponding quarter last year. The decline in gross profit was mainly due to lower revenue and higher raw material costs in the current quarter. Overall, the F&B division recorded a reduction in segment profit of \$9.10 million in the current quarter mainly due to:

- Lower gross profit of \$4.92 million explained above;
- Higher advertising and promotion expenses of \$0.69 million;
- Higher administrative expenses of \$4.66 million mainly due to higher staff costs and professional fees; and partially offset by
- Higher currency translation gains of \$1.05 million.

Property division performance

There were no property development or selling activities in the current financial quarter.

Group performance

The Group recorded a net profit after tax attributable to equity holders of the Company of \$10.34 million in the current quarter which included \$5.66 million higher net fair value gains on investment properties, net of tax. The Group's net profit after tax in the corresponding quarter last year had included a write-back of construction costs of \$1.29 million in the Property division. Excluding the impact of this item, the Group's net profit after tax attributable to equity holders of the Company decreased \$2.62 million.

8(c) Balance Sheets – 31 December 2016 vs. 31 December 2015

Group

Cash and cash equivalents decreased by \$19.90 million from \$112.12 million as at 31 December 2015 to \$92.22 million as at 31 December 2016. The decrease was mainly due to dividends paid to equity holders of the Company, purchases of and deposits paid for property, plant and equipment; and partially offset by cash generated from operating activities and dividends received from available-for-sale financial assets. Please refer to Note 8(d) for more details.

Trade and other receivables increased by \$7.64 million from \$72.07 million as at 31 December 2015 to \$79.71 million as at 31 December 2016. The increase was mainly due to higher sales in the preceding months before the balance sheet dates and higher deposits paid for property, plant and equipment.

Inventories decreased by \$10.62 million from \$68.63 million as at 31 December 2015 to \$58.01 million as at 31 December 2016 mainly due to higher stock holding for the upcoming festive season as at 31 December 2015.

Available-for-sale financial assets increased by \$57.29 million from \$109.48 million as at 31 December 2015 to \$166.77 million as at 31 December 2016 mainly due to fair value gains in the current financial year. As at 31 December 2016, \$166.67 million of the Group's available-for-sale financial assets have been reclassified to current assets as these represent the investments in the ordinary shares of Super Group Ltd for which the Group has undertaken to accept a voluntary conditional general offer detailed in Note 10 (ii).

Investment properties increased by \$15.47 million from \$113.52 million as at 31 December 2015 to \$128.99 million as at 31 December 2016 mainly due to \$14.81 million fair value gains in the current financial year.

Property, plant and equipment increased by \$31.38 million from \$211.46 million as at 31 December 2015 to \$242.84 million as at 31 December 2016. The increase was mainly due to additions of \$44.78 million and partially offset by current year's depreciation charge of \$13.16 million.

Company

Cash and cash equivalents decreased by \$34.21 million from \$57.86 million as at 31 December 2015 to \$23.65 million as at 31 December 2016 mainly due to dividends paid to equity holders of the Company and increase in amounts due from subsidiaries of \$23.05 million. As a result, trade and other receivables increased from \$76.36 million as at 31 December 2015 to \$99.35 million as at 31 December 2016.

8(d) Consolidated Statement of Cash Flows

Year to Date - 12 months ended 31 December 2016 vs. 12 months ended 31 December 2015

The Group registered a net decrease in cash and cash equivalents of \$20.15 million for the financial year ended 31 December 2016.

Net operating cash inflow for the Group of \$37.05 million was mainly contributed by F&B division.

Net cash outflow from investing activities of \$45.68 million was mainly due to purchases of property, plant and equipment of \$44.78 million, deposits paid for property, plant and equipment of \$5.30 million; and partially offset by \$2.87 million dividend income received and \$1.06 million proceeds from disposal of property, plant and equipment.

Net cash outflow from financing activities of \$11.52 million arose from dividends paid to equity holders of the Company.

Fourth Quarter - 3 months ended 31 December 2016 vs. 3 months ended 31 December 2015

The Group registered a net decrease in cash and cash equivalents of \$7.09 million for the quarter ended 31 December 2016.

Net operating cash inflow for the Group of \$3.73 million was mainly contributed by F&B division.

Net cash outflow from investing activities of \$10.82 million was mainly due to purchases of property, plant and equipment of \$6.42 million, deposits paid for property, plant and equipment of \$5.30 million; and partially offset by \$0.79 million proceeds from disposal of property, plant and equipment.

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

Not applicable.

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 year and the next 12 months.

In the next 12 months, the Group expects the F&B margins to come under pressure mainly due to soft economic conditions and weak outlook for our key markets; competitive selling prices; and uncertainty in raw material prices. Further, the fluctuations in the regional currencies will have an impact on our results.

We will constantly review our business strategies and operations so that improvements can be made on a continuous basis.

The property development segment is dormant.

In addition, the Group announced the following:

(i) Cessation of Exclusive Bottling Agreement (“EBA”)

On 31 October 2016, the Company’s EBA with PepsiCo. Inc and The Concentrate Manufacturing Company of Ireland to bottle, sell and distribute carbonated soft drinks (the “Pepsi products”) in Singapore ceased. The cessation of the EBA did not have a material impact on the Group’s net tangible assets and earnings per share for the current financial year ended 31 December 2016. For financial year ending 31 December 2017, the cessation of the EBA is not expected to have a material impact on the Group’s net tangible assets. However, the Group’s earnings per share will be impacted, although the impact is expected to be moderated by earnings contribution from the Group’s new product lines and agency brands.

(ii) Proposed Disposal of Shares in Super Group Ltd (“Proposed Disposal”)

The Company, through its wholly-owned subsidiary, YHS Investment Pte. Ltd. (“YHS Investment”), has an interest in 130,211,296 ordinary shares of Super Group Ltd. (“SGL”), representing approximately 11.69 per cent. of the total issued and paid-up share capital in SGL (“SGL Shares”) as at 3 November 2016.

On 3 November 2016, the Company announced that YHS Investment has on 2 November 2016, entered into a deed of undertaking (the “Irrevocable Undertaking”) in favour of Sapphire Investments B.V. (the “Offeror”), pursuant to which YHS Investment has undertaken to, inter alia, accept or procure the acceptance of a voluntary general offer (the “Offer”) in respect of all the 130,211,296 SGL Shares held by YHS Investment and representing approximately 11.69 per cent. of the total number of SGL Shares as at the date of the Irrevocable Undertaking.

The making of the Offer will be subject to the satisfaction or waiver by the Offeror of some pre-conditions as set-out in the announcement dated 3 November 2016 and the terms and conditions of the Offer to be set-out in the formal offer documents. Subject thereto, the consideration for each SGL Share will be S\$1.30 in cash (the “Offer Price”).

Based on the Offer Price, the aggregate consideration that YHS Investment will receive in respect of the SGL Shares and tendered in acceptance of the Offer pursuant to the Irrevocable Undertaking is S\$169,274,684.80 in cash. The Group expects to realise a gain of approximately S\$138,350,000 in respect of the Proposed Disposal.

Further details on the Offer and the financial effects on the Group are set out in the Company’s announcement dated 3 November 2016.

The Proposed Disposal constitutes a major transaction as defined in Chapter 10 of the Listing Manual and unless waived or exempted by the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Proposed Disposal will be subject to the approval of shareholders of the Company. On 17 December 2016, the Company announced that the SGX-ST has on 16 December 2016 granted the waiver and accordingly, the Company will not be convening an extraordinary general meeting to seek the shareholders’ approval for the Proposed Disposal.

Subsequent to the year end, SGL announced that all pre-conditions were satisfied and the Offeror announced its firm intention to make the Offer.

Overall, the Group’s performance is expected to remain satisfactory.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events

11. Contingent Liability

None.

12. Dividend

(a) Current Financial Year Reported On

Any dividend declared for the current financial year reported on?

The directors have proposed a first and final dividend of 2 cents per ordinary share, tax exempt (1-tier) for approval by shareholders at the forthcoming annual general meeting to be convened.

Name of Dividend	First and final
Dividend type	Cash
Dividend amount	S\$0.02 per ordinary share
Tax rate	Tax-exempt (1-tier)

The first and final dividend, payable in cash, is subject to shareholders' approval at the Company's forthcoming annual general meeting to be convened for the financial year ended 31 December 2016.

(b) Corresponding Year of the Immediately Preceding Financial Year

Any dividend declared for the corresponding year of the immediately preceding financial year?

Name of Dividend	First and final
Dividend type	Cash
Dividend amount	S\$0.02 per ordinary share
Tax rate	Tax-exempt (1-tier)

(c) Date payable

Payment of the first and final dividend, if approved by shareholders at the forthcoming annual general meeting to be convened for the financial year ended 31 December 2016, will be made on 19 May 2017.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 9 May 2017 for the purposes of determining shareholders' entitlements to the proposed first and final dividend.

Duly completed and stamped transfers of the ordinary shares of the Company received by the Company's Share Registrar, B.A.C.S Private Limited, 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 8 May 2017 will be registered before shareholders' entitlements to the first and final dividend are determined.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 8 May 2017 will be entitled to the proposed first and final dividend.

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

Not applicable.

14. **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.**

	Consumer food and beverage products	Property development	Other investments	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 31 Dec 2016					
Revenue					
- External sales	407,152	-	2,880	-	410,032
- Inter-segment sales	-	-	6,408	(6,408)	-
	<u>407,152</u>	<u>-</u>	<u>9,288</u>	<u>(6,408)</u>	<u>410,032</u>
Profit/(Loss) from operation	13,562	(13)	21,523	-	35,072
Share of profit of associated companies and a joint venture	503	-	-	-	503
Segment profit/(loss)	<u>14,065</u>	<u>(13)</u>	<u>21,523</u>	<u>-</u>	<u>35,575</u>
Finance expense					<u>-</u>
Profit before income tax					35,575
Income tax expense					<u>(6,613)</u>
Net profit attributable to equity holders of the Company					<u>28,962</u>

	Consumer food and beverage products	Property development	Other investments	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 31 Dec 2015					
Revenue					
- External sales	439,426	-	4,091	-	443,517
- Inter-segment sales	-	-	6,636	(6,636)	-
	<u>439,426</u>	<u>-</u>	<u>10,727</u>	<u>(6,636)</u>	<u>443,517</u>
Profit from operation	25,651	1,332	16,439	-	43,422
Share of profit of associated companies	665	-	-	-	665
Segment profit	<u>26,316</u>	<u>1,332</u>	<u>16,439</u>	<u>-</u>	<u>44,087</u>
Finance expense					<u>(78)</u>
Profit before income tax					44,009
Income tax expense					<u>(7,183)</u>
Net profit attributable to equity holders of the Company					<u>36,826</u>

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.

15.1 Consumer food & beverage products

The decrease in revenue of \$32.27 million for consumer food and beverage products for the financial year ended 31 December 2016 was mainly due to lower revenue in Singapore, Malaysia, China and North America; and partially offset by improved performance in Cambodia. Segment profit decreased by \$12.25 million as a result of margins and expenses fluctuations described in Note 8(a).

15.2 Property development

There were no property development or selling activities in the current financial year.

15.3 Other investments

The segment reported a segment profit of \$21.52 million for the financial year ended 31 December 2016 as compared to a segment profit of \$16.44 million in the previous financial year. This was mainly due to higher fair value gains on investment properties of \$6.03 million and partially offset by lower dividend income from available-for-sale financial assets of \$1.17 million in the current financial year.

16. A breakdown of sales

	Group		
	Latest financial year	Previous financial year	%increase/ (decrease)
	S\$'000	S\$'000	
Sales reported for first half year	223,844	238,417	-6.1%
Operating profit after tax for first half year	13,516	13,157	2.7%
Sales reported for second half year	186,188	205,100	-9.2%
Operating profit after tax for second half year	15,446	23,669	-34.7%

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

	Latest Full Year 31 December 2016	Latest Full Year 31 December 2015
	S\$'000	S\$'000
Ordinary dividend proposed/declared: - First and final	11,554*	11,520

* Proposed dividend for financial year ended 31 December 2016. See Note 12(a).

18. Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions.

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 prescribed format. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or substantial shareholder of the Company.

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

The Company has procured undertakings from all its directors and executive officers required under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Lim Swee Lee Joanne
Company Secretary
28 February 2017



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YEO HIAP SENG LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Yeo Hiap Seng Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages # to #.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("SFRSs") so as to give a true and fair view of the consolidated balance sheet of the Group and the balance sheet 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 for the financial 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 *Auditors' 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 *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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance 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.

Valuation of Investment Properties

Refer to note 2.6 and note 20 to the financial statements

The key audit matter

The Group's investment properties are accounted for at fair value and amounted to \$128.99 million, which represents 16.60% of the Group's total assets as at 31 December 2016. The net fair value gains on investment properties amounted to \$14.81 million for the year ended 31 December 2016.

How the matter was addressed in our audit

We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the forecasted rental rate and price per square metre used in the valuations.

We challenged the capitalisation rate and price per square metre used in the valuations by comparing them against available industry data, taking into consideration the comparability and market factors. Where the rate and price were outside the expected range, we undertook further procedures to understand the effect of additional factors.



Valuation of Investment Properties (continued)

The key audit matter

The Group engaged external valuers to value its properties located in Malaysia, Hong Kong, China and the United States of America. In determining the fair value, the external valuers make a number of key estimates and assumptions, in particular assumptions in relation to forecasted rental rates, real estate sales prices and capitalisation rates. Some of these estimates and assumptions are subject to market forces and will change over time.

The valuation models applied to determine the value of investment properties are sensitive to the assumptions made.

How the matter was addressed in our audit

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

Our findings:

The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data.

Classification and Recognition of Advertising and Promotion Expenses

Refer to note 2.2, note 4 and note 7 to the financial statements

The key audit matter

The Group incurs significant costs in the form of volume rebates, trade discounts, and advertising and promotion expenses to develop the Group's brands.

Judgement is required in ascertaining the nature and classification of the discounts (either as net against revenue or as expenses) and the accruals required in relation to promotions and advertising campaigns that span across the year end, where settlement has not been made by the year end or where prior year claims arise.

How the matter was addressed in our audit

We reviewed the Group's allocation of advertising and promotion costs in accordance with the relevant accounting standards by evaluating the classification of advertising and promotion costs against a sample of contracts, invoices and other supporting documents.

We also tested the appropriateness of accruals and the completeness of advertising and promotion costs by reference to contracts and invoices received subsequent to year end.

Our findings:

We found the classification and recognition of advertising and promotion expenses to be appropriate.



Other information

Management is responsible for the other information. The other information comprises Chairman's Statement, CEO's Statement and Operations Review, Financial Highlights, Profile of the Board of Directors and Management, Report on Corporate Governance, Corporate Information and Directors' Statement, which we obtained prior to the date of this auditors' report, and the Analysis of Shareholdings which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Analysis of Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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 SFRSs, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives 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 auditors' 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a 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 the 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 controls 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.

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 auditors' 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 auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Jeya Poh Wan S/O K. Suppiah.

A handwritten signature in black ink, appearing to read 'KPMG LLP' followed by a stylized flourish.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 February 2017

The page numbers are as stated in the Independent Auditors' Report dated 28 February 2017 included in Yeo Hiap Seng Limited's Annual Report for the financial year ended 31 December 2016.
