BreadTalk®
BreadTalk Group Limited



ANNUAL REPORT 2017

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CLOSE TO
1,000
OUTLETS

17
TERRITORIES

10
BRANDS

7,000
STAFF ALL OVER
THE WORLD

与创意一起发酵
和努力并肩飞跃

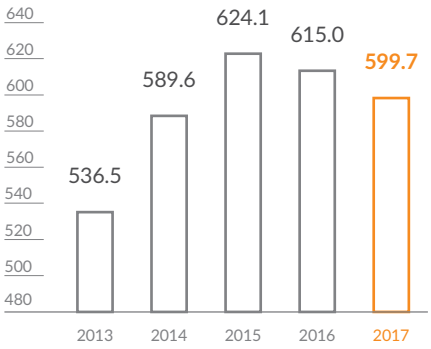
Driven by a desire to pioneer creative and innovative F&B concepts that delight our customers, the BreadTalk Group offers a wide array of tantalising culinary creations that continue to excite our customers' palates across more than 950 outlets in 17 territories including Singapore, Mainland China, Hong Kong, Taiwan, Malaysia, Indonesia, Thailand, and Myanmar.

Our stable of proprietary brands include the award-winning BreadTalk, Toast Box, Bread Society, Food Republic and The Icing Room; as well as Food Opera, Thye Moh Chan and Sō. The Group also manages the Din Tai Fung brand from Taiwan and the highly popular Song Fa Bak Kut Teh, both of which have garnered multiple awards over the years. Backed by a global staff strength of 7,000, the BreadTalk Group is well-positioned to deliver the best F&B experience to our customers globally.

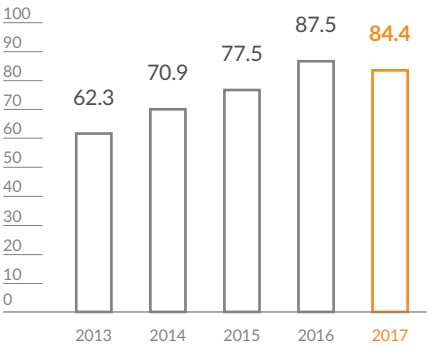
As a Group, we continue to forge ahead with strategic partnerships with renowned organisations to strengthen our leading position in the F&B industry.

Financial Highlights

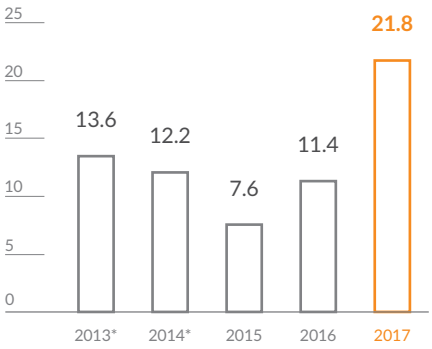
REVENUE



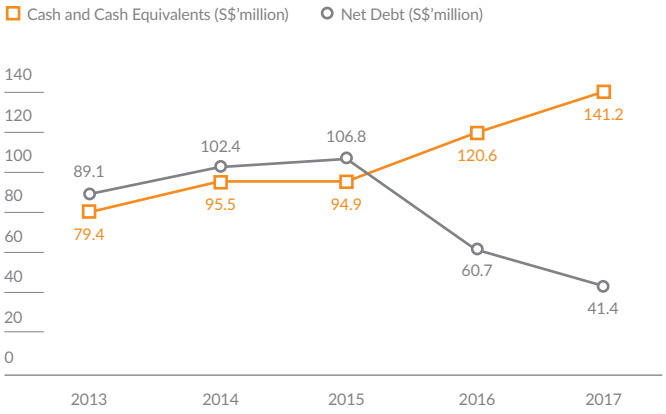
EBITDA



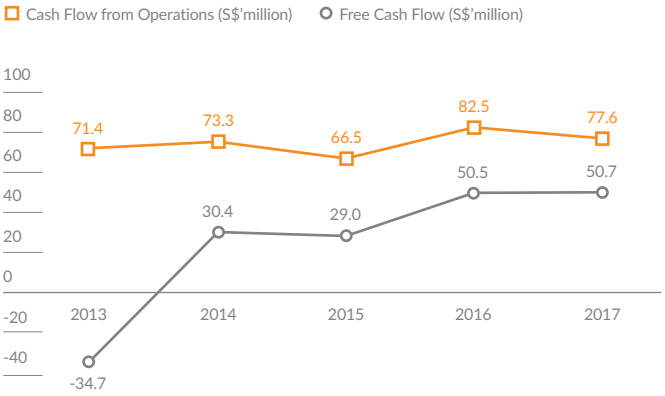
NET PROFIT



CASH & CASH EQUIVALENTS VS NET DEBT



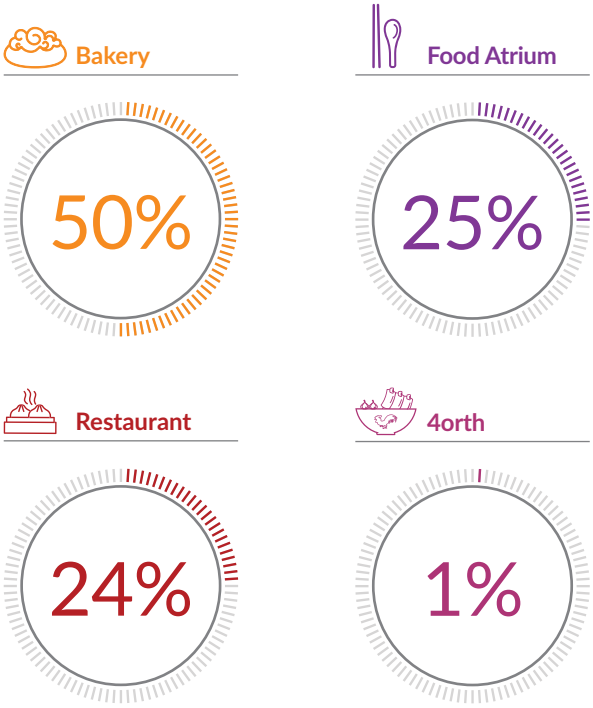
CASH FLOW FROM OPERATIONS VS FREE CASH FLOW



REVENUE MIX BY GEOGRAPHICAL SEGMENT - FY2017



REVENUE MIX BY BUSINESS SEGMENT - FY2017



* Excluding the restatement impact from the change in accounting policy

FIVE-YEAR FINANCIAL PERFORMANCE SUMMARY (FINANCIAL YEAR ENDED 31 DECEMBER)

Income Statement (S$'000)	2013	2014	2015	2016	2017
Group Revenue	536,530	589,644	624,149	614,995	599,747
Bakery	271,320	294,128	307,915	306,864	297,188
Food Atrium	143,007	164,781	173,084	157,901	149,346
Restaurant	122,203	130,735	143,150	137,662	140,732
4orth[1]	N.M.	N.M.	N.M.	7,838	7,859
Group EBITDA	62,261	70,905	77,582	87,517	84,418
Bakery	23,936	22,972	22,362	29,181	23,191
Food Atrium	21,569	24,153	17,875	16,561	25,102
Restaurant	17,332	21,039	33,901	29,518	30,133
4orth[1]	N.M.	N.M.	N.M.	278	533
Group PBT	22,390	32,801	25,376	29,716	40,964
Bakery	11,592	7,554	5,306	11,664	9,770
Food Atrium	4,579	5,407	(3,021)	(7,135)	9,010
Restaurant	9,054	12,896	25,961	23,964	25,675
4orth[1]	N.M.	N.M.	N.M.	(658)	(351)
Profit attributable to equity holders of the company	26,369	22,171	7,602	11,436	21,848
Cash Flow Statement (S$'000)					
Cash flows from operating activities	71,439	73,325	66,462	82,485	77,550
Capital expenditure, net	(106,170)	(42,933)	(37,480)	(31,905)	(26,805)
Cash flows used in investing activities	(120,420)	(85,914)	(57,875)	(18,249)	(30,922)
Net increase/(decrease) in borrowings	72,453	28,547	3,597	20,605	1,340
Cash flow from/(used in) financing activities	65,120	18,516	(9,966)	(38,173)	(24,446)
Balance Sheet (S$'000)					
Total Assets	481,021	538,810	545,141	533,903	557,204
Cash and cash equivalents	79,420	95,452	94,896	120,589	141,245
Property, plant and equipment	225,860	220,670	205,696	180,663	169,097
Total Liabilities	364,269	400,320	398,717	381,958	396,733
Bank borrowings and debt securities	168,516	197,819	201,685	181,310	182,634
Net debt	89,096	102,367	106,789	60,721	41,389
Key Ratios					
EBITDA margin (%)	11.6	12.0	12.4	14.2	14.1
Net Margin (%)	4.9	3.8	1.2	1.9	3.6
Return on equity (%)[2]	27.9	19.1	6.0	8.8	16.4
Dividend payout ratio (%)	19.2	19.1	55.6	94.7	90.2
Net gearing (x)[3]	0.83	0.82	0.83	0.46	0.31
Net debt / EBITDA (x)	1.43	1.44	1.38	0.69	0.49
EBITDA / Interest expense (x)	23.28	19.02	14.56	14.76	15.6
Per Share Information (S$'cents)					
Earnings per share - basic	9.37	7.87	2.70	4.07	7.76
Earnings per share - diluted	9.34	7.85	2.69	4.06	7.75
Net assets per share	41.50	49.16	51.97	54.01	57.05
Dividend per share	1.80	1.50	1.50	3.85	7.00

(1) New business segment introduced in FY2017. Prior years comparative figures are not meaningful.

(2) Return on equity is defined as profit attributable to equity holders of the company divided by average shareholders' equity.

(3) Net gearing is defined as total borrowings and debt securities less cash and cash equivalents divided by shareholders' equity.

Chairman's Message



S$599.7 million
REVENUE

S$21.8 million
NET PROFIT

7.75 cents
EARNINGS PER SHARE

Dear Shareholders

FY2017 IN REVIEW

It has been a fruitful year for us in 2017 and I am pleased to report another year of solid progress and achievement for the BreadTalk Group in spite of the challenging retail environment.

Since 2016, we have embarked on a holistic review of our business portfolio by continuing to grow our existing market segments and increasing productivity, while keeping a watchful eye on costs. These efforts have paid off handsomely.

Net profit for FY2017 was S$21.8 million, a 91.0% increase from S$11.4 million in the preceding year, driven by our core F&B business which rose 153.3% to S$17.7 million. Revenue dipped 2.5% to S$599.7 million in FY2017 from S$615.0 million in FY2016, while earnings before interest, tax, depreciation, and amortisation ("EBITDA") margin remained steady at 14.1%.

REWARDING SHAREHOLDERS

In view of our robust financial performance, the Board is pleased to recommend a final tax-exempt dividend of 2.0 cents and a special dividend of 1.0 cent per share. Together with the special and interim dividends of 4.0 cents per share paid during the year, total dividend payout for FY2017 is 7.0 cents per share.

GOING 4ORTH TO GROW

In the past year, we set out to build an agile and resilient organisation that can respond quickly to changing consumers' preferences while delivering high quality growth. As our competition becomes more varied, it is critical for us to anticipate and stay ahead of fast-moving F&B trends.

To enable this, we formed a new business division, aptly called the 4orth (pronounced forth) Division, to signify our forward-looking strategies in developing F&B concepts and products that customers want, as well as to strategically collaborate with renowned F&B partners such as Song Fa Holdings.

In March, we successfully re-branded RamenPlay to Sō and opened our first outlet at Nex. The rebranding of all five outlets was completed in September 2017. With a brand new identity, an improved menu and a freshly revamped interior decor, Sō has been generating double-digit growth in revenue compared to RamenPlay.

The 4orth Division spearheaded our partnership with Song Fa Holdings to bring the renowned Bak Kut Teh brand beyond Singapore and into Mainland China and Thailand.



Song Fa's renowned Teochew Bak Kut Teh recipe and operational abilities, coupled with our expertise in business development, and central kitchen management gives us great confidence that this collaboration will be a highly successful one. We opened our first Song Fa restaurant in Shanghai at Jing An Kerry Centre on 26 January 2018.

In December, we entered into a joint venture with 115-year old Japanese trading firm Shinmei Co Ltd for the sourcing, procurement and supply of flour, rice, sugar, dairy, seafood and product packaging for our F&B businesses, franchisees and joint venture partners. We aim to deliver new food concepts under the F&B aspect of the partnership, while the procurement aspect will similarly support the Group as its dedicated supply chain partner. This two-pronged collaboration allows us to optimise our supply chain, achieve significant cost savings through economies of scale as well as drive new revenue streams across our businesses.

I am proud that our consistent efforts to build a stable of distinctive brands have been rewarded with market recognition both locally and internationally. Our homegrown bakery brand, BreadTalk, won the prestigious 'Brand of the Year' in the Bakery category for Singapore for the third time at the World Branding Awards 2017-2018, having also received the accolade in 2014 and 2016. We are the only Singapore bakery brand to win this prestigious award, which is given in recognition for being a top household name in the country. Other notable winners include the likes of Apple, Singapore Airlines and Coca-Cola. This is indeed a crowning moment for the Group.

GROWING OUR MARKETS

To sustain our growth momentum, we are entrenching ourselves in high-performing cities, while extending our reach to new potential markets.

In Mainland China, particularly in Shanghai where we are performing well, we continue to broaden and deepen our market exposure by leveraging our network to introduce new dining concepts such as Song Fa Bak Kut Teh. For existing brands such as Food Republic, we continue to deepen our presence by introducing a mini restaurant concept as seen at the Shanghai Tower branch. With this new concept, each mini restaurant will offer dedicated seating areas within a thematic setting, thus delivering an enhanced dining experience for our customers.



In Thailand, following the success of our BreadTalk, Toast Box and Din Tai Fung outlets in Central Bangkok, we opened our fourth Din Tai Fung restaurant in Central Bangna - an up-and-coming city near Suvarnabhumi Airport - and our first BreadTalk bakery in the Pattaya beach resort in February 2017. With these new outlets, we continue to bring quality products to our customers in Thailand.

In 2017, we ventured into Myanmar, a new and noteworthy market, where we opened our very first BreadTalk outlet in Junction City – a state-of-the-art integrated development with a hotel, shopping mall, offices and residences, located in the upmarket district of central Yangon. Consumer response has been overwhelming since its opening and we intend to increase our presence in this high growth market through our partnership with Shwe Taung Group.

While the Chinese market, with its growing middle class and rising retail consumption continues to be our primary focus in the immediate future, we are also selectively exploring markets beyond Asia where there is potential to grow our dining concepts. The Group will be expanding into the United Kingdom, our 18th territory, with the opening of our first Din Tai Fung restaurant in London by the end of 2018.

GROWING THROUGH TECHNOLOGY

We live in an era where technology has permeated every aspect of our lives. It is thus imperative that we embrace technology to ensure that our business model continues to thrive in an increasingly digital world. To keep pace with the phenomenal growth of e-commerce, BreadTalk successfully launched its digital rewards mobile app 'BreadTalk Rewards' on 12 December 2017. The introduction of this app enables our customers to enjoy special value deals while enjoying their favourite products at BreadTalk and Toast Box. Through the

app, we hope to reach out to younger consumers who are more digitally savvy.

We will continue to invest in technology and automation that can help us improve productivity, reduce costs and address our manpower requirements. More importantly, these investments in essential infrastructure lay a strong foundation for our long-term sustainable growth.

GROWING OUR PEOPLE

As part of our global town hall series, we kicked off our first employee meeting in Singapore in January 2017, followed by team-building activities in Beijing, Shanghai and Bangkok throughout the year. At these events, my senior management had open and frank dialogues with staff via a live Q&A platform on their mobile devices. Our employees' welfare is important to us and we hope that having an open communication channel will empower them to make a positive impact in their respective work spheres.

An important component of staff development is our integrated training roadmap. We continue to nurture our employees by providing opportunities for them to attend various skills upgrading programmes where they learn new capabilities for their long-term career development. I am extremely pleased that we were awarded the inaugural SkillsFuture Employer Award in 2017, one of 14 employers and the only F&B group to be recognised for our significant efforts in encouraging workplace learning and investing in employees' skills development.

Since the BreadTalk Group Academy received accreditation as an "Approved Training Centre" from the Singapore Workforce Development Agency ("WDA") in 2015, we have gradually expanded



the number of F&B-related Workforce Skills Qualifications ("WSQ") courses offered to staff. In 2017, we took the bold step towards being a comprehensive training academy when we received approval to conduct in-house, the WSQ Professional Diploma in Leadership and People Development. This is a nationally recognised certification for leadership and people management skills, and will equip our leaders and managers with the skills and knowledge to undertake a broad range of high-level professional work activities.

LOOKING FORWARD TO 2018

Looking ahead, the retail environment will be increasingly dynamic, characterised by intense competition and rapidly changing consumer preferences. I remain highly confident that the significant steps that we have taken to drive the organisation to be more consumer-centric and innovative, will empower us to meet the challenges ahead. We will continue to strengthen our existing partnerships and develop new ones in order to maintain our competitive advantage in those markets and ensure our track record in delivering consistent and sustainable long-term growth.

APPRECIATION

Our strong performance in 2017 and the changes we have made to strengthen our business model could not have been achieved without our employees.

On behalf of the Board, I thank the team for their dedication and hard work.

I would like to welcome Mr Henry Chu as our new Group CEO. I am strongly encouraged by his stellar leadership of our Group over the past months. I would also like to thank Mr Oh Eng Lock for his past contributions as Group CEO and we are pleased to have him on board in his new capacity as Executive Director. Finally, I would like to express my gratitude to my fellow Directors for their commitment and contributions to the Group throughout the year.

My heartfelt thanks to our shareholders, customers and business partners. The BreadTalk Group is where it is today because of your confidence and valued support.

Dr George Quek
Chairman

Footnote: As of October 2016, WDA is now reconstituted into Workforce Singapore Agency ("WSG").

Board of Directors



Top row,
from left to right
Mr Paul Charles Kenny
Mr Oh Eng Lock

Second row,
left to right
Mr Chan Soo Sen
Dr Tan Khee Giap
Mr Ong Kian Min

Bottom row,
left to right
Dr George Quek
Ms Katherine Lee

DR GEORGE QUEK MENG TONG

Chairman

Doctorate in Business Administration (Honorary), Wisconsin International University, USA

DATE OF FIRST APPOINTMENT AS A DIRECTOR
6 March 2003

DATE OF LAST RE-ELECTION AS DIRECTOR
20 April 2016

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2017)
14 years 10 months

BOARD COMMITTEES SERVED ON
Nil

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Nil

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
Sky One Art Investment Pte. Ltd., Director

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
Nil

BACKGROUND AND WORKING EXPERIENCE

- Founder of BreadTalk Group Limited
- Led and grew the Company from a homegrown brand to become a dynamic Asian F&B group. He continues to drive its strategic direction and development into the future
- George started his F&B business in Taiwan in 1982, successfully growing it into a chain of 21 Southeast Asian food outlets within a decade. He returned to Singapore in 1992 and founded Topwin Singapore and subsequently Megabite China in 1996, thus establishing the Group's food court businesses
- In 2000, he started the bakery business with BreadTalk Pte Ltd and eventually brought it to list on the SGX in 2003
- George is a Brand Champion who has positioned the company's brand portfolio into innovative concepts now widely accepted in Asia and throughout the world. His keen interest in the arts, creative talent and acute sense of anticipating consumer demands have delighted consumers time and again with the Group's line-up of creative F&B concepts
- Among other awards, George won the Ernst & Young 'Entrepreneur of the Year 2006' (Emerging Entrepreneur Category), the 'Entrepreneur of the Year Award 2002' organised by the Association of Small and Medium Enterprises and The Rotary Club of Singapore, as well as the 'Business Personality of the Year Award 2013' accorded by Midas Touch Asia in conjunction with Channel NewsAsia, as well as the 'CEO Brand Leader of the Year 2016' by Influential Brands

MS KATHERINE LEE LIH LENG

Deputy Chairman

DATE OF FIRST APPOINTMENT AS A DIRECTOR
6 March 2003

DATE OF LAST RE-ELECTION AS DIRECTOR
22 April 2014

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2017)
14 years 10 months

BOARD COMMITTEES SERVED ON
Nil

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Nil

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
Heritage R Pte. Ltd., Director

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
Nil

BACKGROUND AND WORKING EXPERIENCE

- Katherine oversees the Group's product research and development initiatives, as well as pioneers new ideas and concepts
- Responsible for concept creation, product development and enhancement of the Group's various brands both locally and globally, Katherine also formulates product training and technical skills upgrading programmes to ensure proper transfer of knowledge and skills to its franchisees in line with its local operations so as to sustain product quality
- Katherine also spearheads product costing, which is an integral part of product strategy
- Katherine has more than 20 years of experience in the industry. She was previously the Finance Director of Topwin Singapore, prior to which she was in charge of the Human Resource and Operations functions of more than 20 F&B outlets in Taiwan

MR ONG KIAN MIN

Lead Independent Director

LLB (Hons) (Ext), University of London, UK
B Sc (Hons), Imperial College (London), UK

DATE OF FIRST APPOINTMENT AS A DIRECTOR
30 April 2003

DATE OF LAST RE-ELECTION AS DIRECTOR
22 April 2015

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2017)
14 years 8 months

BOARD COMMITTEES SERVED ON
- Audit Committee, Chairman
- Nominating Committee, Chairman
- Remuneration Committee, Member

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- Food Empire Holdings Limited, Lead Independent Director
- Penguin International Limited, Lead Independent Director
- Silverlake Axis Ltd, Independent Director

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
- Drew & Napier LLC, Consultant
- Alpha Advisory Pte. Ltd., Senior Advisor
- Kanesaka Sushi Pte. Ltd., Executive Director
- OUE Hospitality REIT Management Pte. Ltd, Independent Non-Executive Director
- OUE Hospitality Trust Management Pte. Ltd., Independent Non-Executive Director
- GPTW Institute (Singapore) Pte Ltd, Executive Director
- Jekka-Molle Pte. Ltd., Executive Director
- Qenergy Pte. Ltd., Executive Director

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
- GMG Global Ltd, Independent Non-Executive Director
- HUPSteel Limited, Non-Executive Chairman and Independent Non-Executive Director
- Jaya Holdings Limited, Independent Non-Executive Director
- LANKom Electronics Limited, Independent Non-Executive Director

BACKGROUND AND WORKING EXPERIENCE
- Member of Parliament (1997-2011)
- Shook Lin & Bok (1993-2000), Partner
- Called to the Bar of England and Wales in 1988 and to the Singapore Bar in 1989
- President's Scholarship and Police Force Scholarship (1979)
- More than 20 years of legal practice in corporate and commercial law, such as mergers and acquisitions, joint ventures, restructuring and corporate governance

MR OH ENG LOCK

Executive Director

BA, University of Singapore
Advanced Management Program, Wharton Business School , University of Pennsylvania, Philadelphia, USA

DATE OF FIRST APPOINTMENT AS A DIRECTOR
1 August 2017

DATE OF LAST RE-ELECTION AS DIRECTOR
Nil

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2017)
5 months

BOARD COMMITTEES SERVED ON
Nil

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Nil

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
- Imagine IHQ Pte Ltd, Director
- Imagine Properties Pte Ltd, Director
- Megabite Hong Kong Ltd, Director
- JBT (China) Pte Ltd., Alternate Director
- Perennial (Chijmes) Pte Ltd, Alternate Director
- Perennial Tongzhou Development Pte Ltd, Alternate Director
- Perennial Tongzhou Holdings Pte Ltd, Alternate Director
- Pre 8 Investments Pte. Ltd., Alternate Director
- Tate Projects Pte Ltd, Alternate Director

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
Nil

BACKGROUND AND WORKING EXPERIENCE
- BreadTalk Group Ltd (2011-2017), Group Chief Executive Officer
- BreadTalk Group Ltd (2010), Group Managing Director
- Merrill Lynch Asia Pacific Limited, Hong Kong (2004-2010), Regional Managing Director & Head of North Asia
- United Overseas Bank, Shanghai (2001-2003), Head of China, Corporate & Commercial Banking & General Manager
- DBS Shanghai (1997-2001), Corporate Country Head - China & General Manager
- DBS Los Angeles (1994-1997), General Manager
- DBS Taiwan (1991-1994), Deputy General Manager

Board of Directors

DR TAN KHEE GIAP

Independent Director

PhD (Economics), University of East Anglia, UK

DATE OF FIRST APPOINTMENT AS A DIRECTOR

1 October 2010

DATE OF LAST RE-ELECTION AS DIRECTOR

22 April 2014

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2017)

7 years 3 months

BOARD COMMITTEES SERVED ON

- Audit Committee, Member
- Nominating Committee, Member
- Remuneration Committee, Member

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

- Boustead Projects, Independent Director
- TEE Land Limited, Independent Director
- Chengdu Rural Commercial Bank Co. Ltd., Independent Director

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)

- Asia Competitiveness Institute & Associate Professor of Public Policy, Lee Kuan Yew School of Public Policy, National University of Singapore, Co-Director
- Singapore National Committee for Pacific Economic Cooperation, Chairman

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS

- Forterra Real Estate Pte. Ltd., Trustee-Manager of Forterra Trust
- Artivision Technologies Ltd.

BACKGROUND AND WORKING EXPERIENCE

- Resource Panel of the Government, Member
- Parliamentary Committee for Transport and Government
- Parliamentary Committee for Finance and Trade & Industry and Government Parliamentary Committee for Defence and Foreign Affairs (since 2007)
- Graduate Studies Office, Nanyang Technological University (2007-2009), Associate Dean
- Singapore Economic Society (2004), Deputy President
- IPS Forum for Economic Restructuring (2003), Deputy Chairman
- Task Force on Portable Medical Benefits, Chairman
- 2002 Economic Review Committee, Member

MR CHAN SOO SEN

Independent Director

MSc, Stanford University, USA
BA (Hons), Oxford University, UK

DATE OF FIRST APPOINTMENT AS A DIRECTOR

14 August 2006

DATE OF LAST RE-ELECTION AS DIRECTOR

20 April 2016

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2017)

11 years 5 months

BOARD COMMITTEES SERVED ON

- Audit Committee, Member
- Nominating Committee, Member
- Remuneration Committee, Chairman

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

- Cogent Holdings Limited, Lead Independent Director
- Midas Holdings Limited, Independent Director
- Best World International, Independent Director

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)

- Nanyang Centre of Public Administration, Nanyang Technological University, Adjunct Professor
- SCP Consultants, Chairman

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS

Nil

BACKGROUND AND WORKING EXPERIENCE

- Singbridge International Singapore Pte Ltd (2009-2012), Executive Vice President
- Keppel Corporation (2006-2009), Director (Chairman's Office)
- Ministry of Trade & Industry (2005-2006), Minister of State
- Ministry of Education (2004-2006), Minister of State
- Prime Minister's Office & Ministry of Community Development & Sports (2001-2004), Minister of State
- Prime Minister's Office & Ministry of Health (2001), Senior Parliamentary Secretary
- Prime Minister's Office & Ministry of Health (1999-2001), Parliamentary Secretary
- Prime Minister's Office & Ministry of Community Development (1997-1999), Parliamentary Secretary
- Member of Parliament (1996-2011)
- China-Singapore Suzhou Industrial Park Development Co Ltd (1994-1996), Chief Executive Officer

MR PAUL CHARLES KENNY

Non-Executive Director

General Management Programme, Ashridge Management College, UK

DATE OF FIRST APPOINTMENT AS A DIRECTOR

1 March 2016

DATE OF LAST RE-ELECTION AS DIRECTOR

20 April 2016

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2017)

1 year 10 months

BOARD COMMITTEES SERVED ON

Nil

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

- Minor International Plc., Director

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)

- The Minor Food Group Plc., Chief Executive Officer and Director
- Select Service Partner Limited, Director
- Oaks Hotel & Resort Limited, Director
- The Minor (Beijing) Restaurant Management Co. Ltd., Director
- Minor DKL Food Group Pty. Ltd., Director
- Liwa Minor Food & Beverages LLC, Director
- Minor International Plc., Shareholder
- S&P Syndicate Plc., Shareholder

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS

Nil

BACKGROUND AND WORKING EXPERIENCE

- The Minor Food Group Plc. (2002-present), Chief Executive Officer
- The Minor Food Group Plc. (1993-2002), Senior Vice President/Chief Operating Officer
- Pizza Hut (Taiwan) Jardine Pacific Ltd. T.P.H. Company Ltd. (1990-1993), Managing Director
- Jardine Restaurant, Victoria, Australia (1987-1989), Operations Manager



HENRY CHU

Group Chief Executive Officer

Henry joined BreadTalk Group as Managing Director on 17 October 2016 and was appointed Group Chief Executive Officer on 1 July 2017. As Group CEO, he oversees the Group's global operations, focusing on the strategic planning of core F&B businesses, investments, business development and expansion into key markets. He was instrumental in leading the team to develop the 4orth Division, whose key objective is to identify new F&B concepts and potential partnership opportunities with established brands.

Henry's extensive experience in the F&B and retail spaces spans more than 25 years across renowned brands and various geographical regions. He started his career with Burger King, Starbucks and Delifrance in Singapore before embarking on successful overseas postings. He held key positions including Operations Director at Starbucks Thailand and Starbucks China and was General Manager, Retail Sales & Operations at Shell Eastern Petroleum, Singapore.

Between May 2010 and April 2012, Henry was CEO of the Bakery Division at BreadTalk Group before joining Maxim's Caterers Ltd (Hong Kong) in May 2012 as General Manager of its Japanese Chain Restaurant Division (China).

Henry holds a Bachelor of Business in Business Administration (RMIT) – Human Resource Management from the Singapore Institute of Management.



CHAN YING JIAN

Group Chief Financial Officer

Ying Jian was appointed Group CFO on 10 June 2015. As Group CFO, he is responsible for the corporate finance and treasury, shared services, reporting, tax, legal and risk management functions across our businesses. He also concurrently heads the Information Technology function of the Group and is the Country Manager of the Group's North China business.

Ying Jian works alongside the Group CEO and Division CEOs on all Group and Division level investments, mergers and acquisitions and joint ventures. He also fronts the investor relations efforts of the Group. Ying Jian was Financial Controller of the Group's Food Atrium Division from 1 August 2014 till his appointment as Group CFO.

Prior to joining the Group, Ying Jian was Vice President of Equity Research with J.P. Morgan Securities Singapore, serving as Sector Head of Agri-Commodities and Consumer Staples for the ASEAN region. As an analyst, Ying Jian was well-regarded within the investment community for his thought leadership and actionable research ideas. He was named the "Top Earnings Estimator" for the Retail and Consumer Products sector at the 2012 Thomson Reuters Analyst Awards, and was the "Top Stock Picker" in the same sector in 2014.

Ying Jian graduated *summa cum laude* (with Highest Distinction) from the Singapore Management University with a double degree in Business Management (Finance) and Accountancy. He is also a Chartered Accountant of Singapore (CA Singapore) and a Chartered Financial Analyst (CFA).



TAN AIK PENG

CEO, Bakery Division

Aik Peng joined BreadTalk Group as Managing Director, Bakery Division on 20 October 2014 and was subsequently appointed CEO of the Division on 25 May 2015.

Prior to joining the Group, Aik Peng was the Head of Corporate Strategy, Planning and Business Development at SATS Ltd, where he was responsible for developing the company's overall strategic roadmap and driving its inorganic growth through identifying, qualifying, pursuing and closing business development opportunities (JVs, M&As, Strategic Alliances and etc.) both locally and overseas. Before that, Aik Peng spent 12 years at Cisco Systems - a US multinational company and the global market leader in networking and communications equipment. During his tenure with Cisco, he held various roles in Strategic Business Transformation, Sales and Marketing Management, Business Development, Solutions Development, Strategic Partnership, Advisory/Consulting Services, Program Management, and IT Operations/Implementations. His last role with Cisco was Managing Director of Cisco China Smart+Connected Communities Business Unit and Vice President of Cisco's China Strategic Business Transformation Office.

Aik Peng completed his MBA at the Nanyang Business School, Singapore. He also holds a Bachelor of Mechanical Engineering (Hons, 2nd Upper) and a Master of Engineering in Quality and Statistics from the National University of Singapore.

Key Management



JENSON ONG CHIN HOCK

CEO, Food Atrium Division

Jenson was appointed CEO, Food Atrium Division on 1 January 2011. He is responsible for the overall development, operations, projects execution and strategic planning of the food atrium business globally, and is concurrently the Country Manager of the Group's South China business.

Jenson has over 20 years of F&B experience, particularly in the food court business. He joined the BreadTalk Group in 2003 as Director of Food Republic in China. In 2005, he established Megabite Hong Kong Limited and oversaw the management and operations of Food Republic in Hong Kong as Managing Director. He was also responsible for the overall development of BreadTalk and Toast Box operations in Hong Kong until his current appointment.



CHENG WILLIAM

CEO, Restaurant Division

William was appointed CEO of the Restaurant Division on 1 January 2011. He is responsible for driving sales and profitability across our Din Tai Fung businesses in Singapore, Thailand and the United Kingdom, as well as overseeing the Company's overarching business and marketing strategies, structure and people development functions.

All functional leaders in the Restaurant Division report to William, a 14-year veteran with the Company. He has more than 20 years of extensive culinary and operations experience and previously served as a Branch Manager at BreadTalk before the inception of Din Tai Fung in 2003. Under his leadership, Din Tai Fung has successfully launched a state-of-the-art Central Kitchen, researched and developed a range of popular signature dishes that has won the hearts of Singaporeans, Thais, and international patrons, as well as generated strong sales and profit growth for the heritage brand. Under his leadership, the Taiwanese brand gained recognition for its quality customer service and brand relevance through customer-centric initiatives supported by a people-centric culture.

HEAD, GROUP HUMAN RESOURCES, ADMINSTRATION AND TRAINING

CHAN WING GIT

HEAD, REAL ESTATE

FRANKIE QUEK

VICE PRESIDENT, GROUP CORPORATE AFFAIRS AND COMMUNICATIONS

HUANG YINGREN, GLENN

GROUP LEGAL COUNSEL

RUTH LEONG

COUNTRY MANAGER, HONG KONG

JENNIFER ONG

COUNTRY MANAGER, THAILAND

VORACHAI CHAROONPRASITPORN

Awards & Accolades



Over the last 17 years, the BreadTalk Group has expanded from a single homegrown brand to one of Asia's leading F&B groups comprising a stable of 10 brands. Today, it continues to revolutionise the F&B industry, delighting consumers with its innovative blend of trendsetting dining concepts and distinguished offerings across all its concepts. This relentless pursuit of excellence and dedicated focus on creativity and innovation have earned the Group a multitude of awards and accolades in its 17-year journey. For example, the Group was the first Singapore brand to win the "Growth Market Retailer of the Year" award at the World Retail Awards 2014, held at the esteemed Salle Wagram in Paris.

Following that historic win, the BreadTalk Group garnered the prestigious World Branding Awards in 2017 where BreadTalk was named 'Brand of the Year' in the Bakery category for the third year, after winning it in 2014 and 2016. To date, BreadTalk is the only Singapore bakery brand to have won in this category.

BreadTalk continues to capture the hearts of consumers in Asia with its fourth consecutive win as Asia's 'Top Brand' in the Bakery category at the Influential Brands Awards, as well as the Platinum award at the 2017 Reader's Digest Trusted Brand Awards. These awards recognise outstanding brands for their product quality, value and social responsibility. These awards contributed positively to BreadTalk's ranking of 56th position with a brand value of US$117 million in "Brand Finance's Top 100 Singapore's Brands". In addition, Din Tai Fung was also named Asia's "Top Brand" in the Restaurant Category at the 2016 Influential Brands Top Brands Award for the fifth consecutive year.

In 2017, the BreadTalk Group was recognised for its inclusive workplace practices and was awarded the 'Enabling Employers Award' for its commitment to hire and rehabilitate people with disabilities. Its Human Resource team was awarded the 'HRD Best HR Team' award by the HRD Magazine for its adoption of progressive HR and people practices.

DR GEORGE QUEK (Chairman)

Influential Brands TOP BRAND BAKERY

ORGANISER
Influential Brands

CATEGORY
CEO Brand Leader of the Year

YEAR
2016

MIDAS TOUCH ASIA 2013

ORGANISER
Midas Touch Asia

CATEGORY
Business Personality of the Year

YEAR
2013

Ernst & Young Entrepreneur Of The Year®

ORGANISER
Ernst & Young, Singapore

CATEGORY
Entrepreneur of the Year

YEAR
2006

The Entrepreneur of the year

ORGANISER
ASME and The Rotary Club

CATEGORY
Entrepreneur of the Year

YEAR
2002

BREADTALK GROUP



ORGANISER
World Branding Awards

CATEGORY
Brand of the Year (Bakery)

YEAR
2017, 2016 & 2014



ORGANISER
Influential Brands

CATEGORY
Top Brand

YEAR
BreadTalk (Bakery)
2017, 2016 & 2015

BreadTalk (Franchise)
2015

BreadTalk (Pastry)
2014

Toast Box (Asian Café)
2015, 2014 & 2013

Food Republic (Food Court)
2015 & 2014

Din Tai Fung (Asian Restaurant)
2017, 2016, 2015, 2014 & 2013



ORGANISER
Reader's Digest

CATEGORY
Trusted Brand Award (Gold Award)

YEAR
Din Tai Fung - 2017

CATEGORY
Trusted Brand Award (Platinum Award)

YEAR
BreadTalk - 2017



ORGANISER
SPRING Singapore

CATEGORY
Excellent Service Award

YEAR
Din Tai Fung - 2017



ORGANISER
AVA Singapore

CATEGORY
Food Safety Excellence Awards (Grade 'A' Certification)

YEAR
BreadTalk - 2017



ORGANISER
World Brand Laboratory Award

CATEGORY
Five Star Diamond Brand Award

YEAR
2016, 2015, 2013, 2012 & 2006



ORGANISER
China Chain Store & Franchise Association

CATEGORY
CCFA Retail Innovation Award

YEAR
2016



ORGANISER
Brand Finance

CATEGORY
Top 50 Singapore Brands

YEAR
2016 & 2015

CATEGORY
Top 100 Singapore Brands

YEAR
2017, 2014, 2013, 2012, 2011 & 2010



ORGANISER
World Retail Awards

CATEGORY
Growth Market Retailer of the Year

YEAR
2014

CATEGORY
Emerging Market - Finalist

YEAR
2009



ORGANISER
Spring Singapore

CATEGORY
Singapore Service Class (S-Class) Status

YEAR
BreadTalk, Toast Box, The Icing Room & Bread Society - 2014



ORGANISER
SIAS Investors' Choice Award

CATEGORY
Most Transparent Company Award

YEAR
2014, 2008, 2007, 2005 & 2004



ORGANISER
Singapore Prestige Brand Award

CATEGORY
Most Popular Brand, Regional Brands Category, Overall Winner

YEAR
2013

CATEGORY
Most Popular Brand

YEAR
2005 & 2002

CATEGORY
Most Distinctive Brand

YEAR
2005 & 2003

CATEGORY
Singapore Promising Brand

YEAR
2006, 2005 & 2004

CATEGORY
Promising Brands, Overall Winner

YEAR
Toast Box - 2009
Food Republic - 2008



ORGANISER
Shanghai Industrial Design Association

CATEGORY
Successful Design Award

YEAR
2014 & 2013



ORGANISER
SME One Asia Awards

CATEGORY
Avant Garde Award, Honoured for Outstanding Creative Innovation

YEAR
2012



ORGANISER
China Association for Quality Inspection

CATEGORY
Food Integrity and Quality Trust Award

YEAR
2012



ORGANISER
Shanghai Sugar Association, China

CATEGORY
Shanghai Premium Foods

YEAR
2012



ORGANISER
Franchising and Licensing Association of Singapore

CATEGORY
Franchisor of the Year Award - Finalist

YEAR
2005



ORGANISER
Hong Kong Design Centre

CATEGORY
Design for Asia Award

YEAR
2004

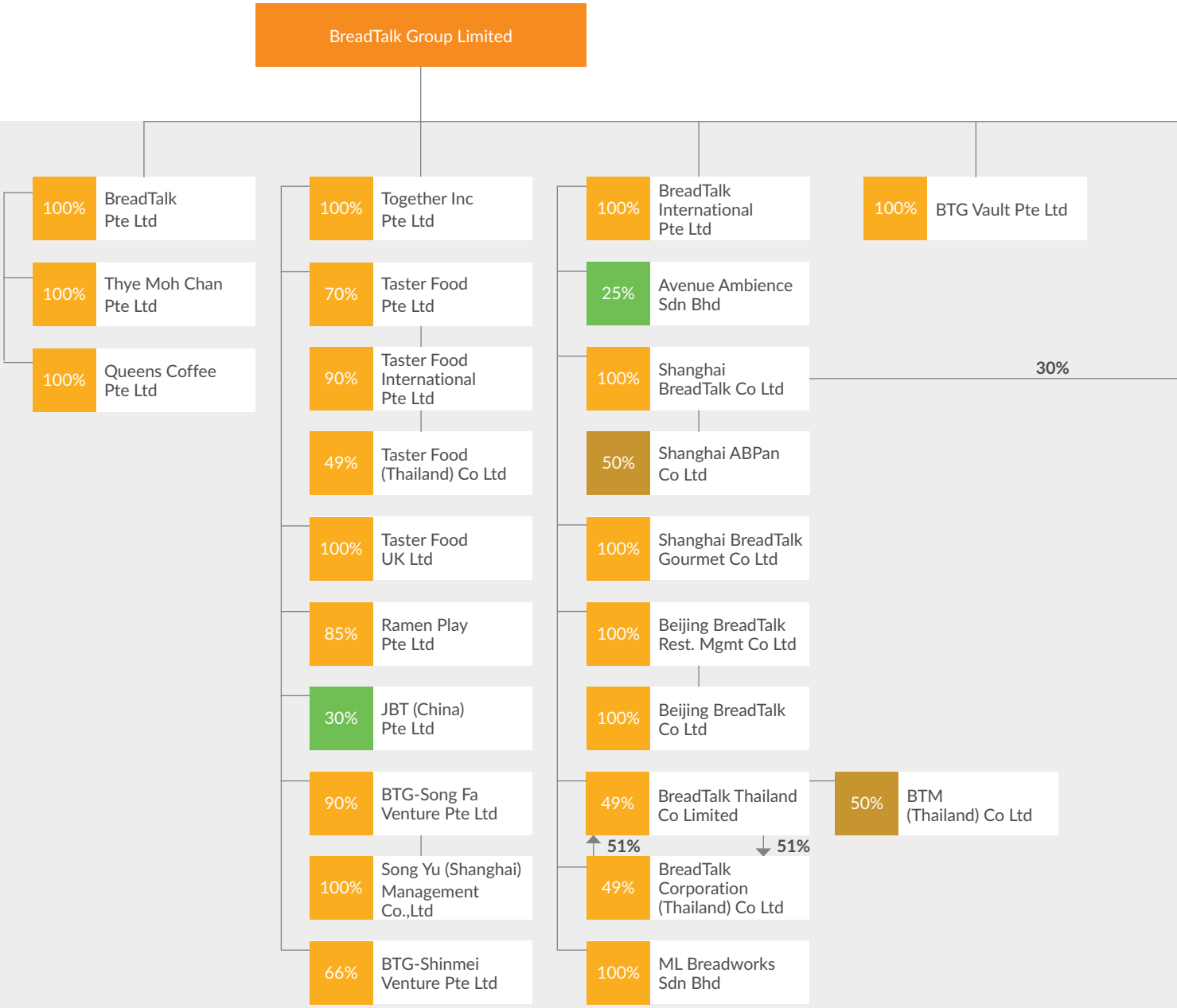


ORGANISER
Accenture and The Business Times

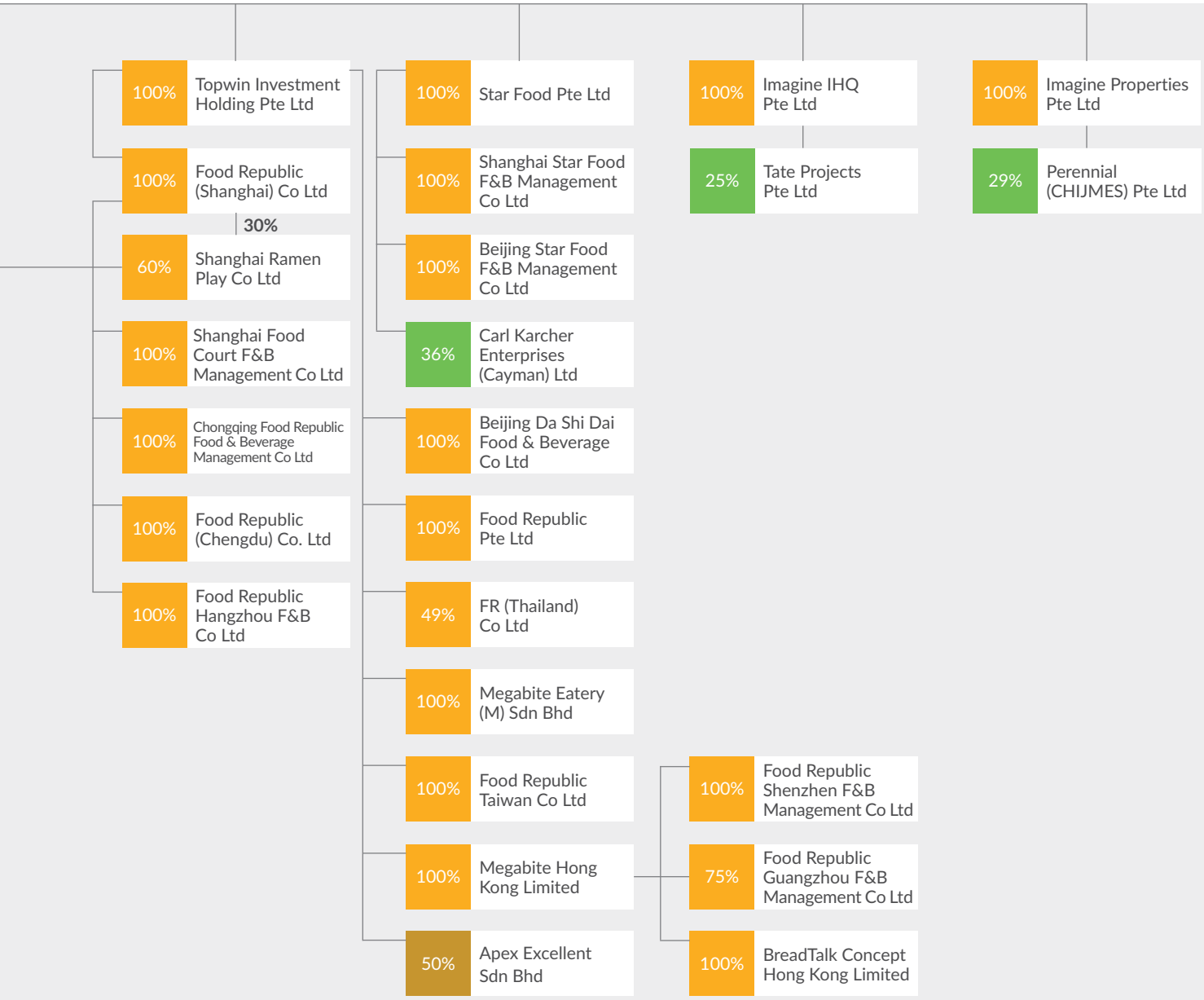
CATEGORY
Enterprise 50 Start Up Award

YEAR
2002

BreadTalk Group Limited & Subsidiaries



Subsidiary
Associate
Joint Venture


100% Topwin Investment Holding Pte Ltd
100% Food Republic (Shanghai) Co Ltd
30%
60% Shanghai Ramen Play Co Ltd
100% Shanghai Food Court F&B Management Co Ltd
100% Chongqing Food Republic Food & Beverage Management Co Ltd
100% Food Republic (Chengdu) Co. Ltd
100% Food Republic Hangzhou F&B Co Ltd
100% Star Food Pte Ltd
100% Shanghai Star Food F&B Management Co Ltd
100% Beijing Star Food F&B Management Co Ltd
36% Carl Karcher Enterprises (Cayman) Ltd
100% Beijing Da Shi Dai Food & Beverage Co Ltd
100% Food Republic Pte Ltd
49% FR (Thailand) Co Ltd
100% Megabite Eatery (M) Sdn Bhd
100% Food Republic Taiwan Co Ltd
100% Megabite Hong Kong Limited
50% Apex Excellent Sdn Bhd
100% Imagine IHQ Pte Ltd
25% Tate Projects Pte Ltd
100% Food Republic Shenzhen F&B Management Co Ltd
75% Food Republic Guangzhou F&B Management Co Ltd
100% BreadTalk Concept Hong Kong Limited
100% Imagine Properties Pte Ltd
29% Perennial (CHIJMES) Pte Ltd

Geographical Reach

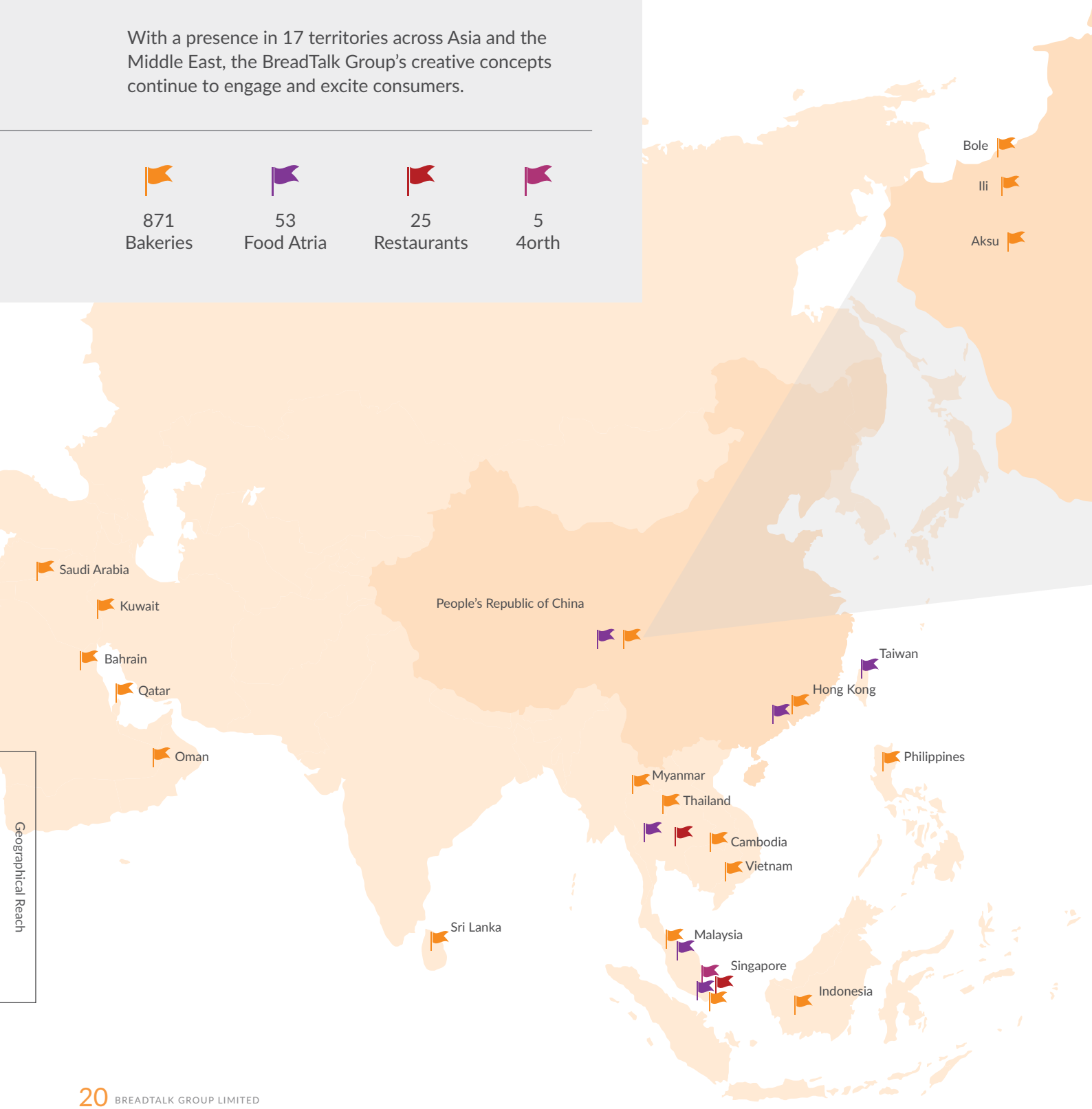
CLOSE TO
1,000
OUTLETS

17
TERRITORIES

7,000
STAFF ALL OVER THE WORLD

With a presence in 17 territories across Asia and the Middle East, the BreadTalk Group's creative concepts continue to engage and excite consumers.

871	53	25	5
Bakeries	Food Atria	Restaurants	4orth





TERRITORIES

Singapore	China	Bahrain	Cambodia	Hong Kong
Indonesia	Kuwait	Malaysia	Myanmar	Oman
Philippines	Qatar	Saudi Arabia	Sri Lanka	Taiwan
Thailand	Vietnam			

Bakery

FINANCIAL OVERVIEW

	FY2016	FY2017
Revenue (S$'m)	306.9	297.2
Revenue Contribution (%)	49.9	49.6
EBITDA margin (%)	9.5	7.8



Our Bakery Division continually reinvents itself and creates contemporary spaces that bring people together through delightful experiences, quality products and services to satisfy consumers' evolving needs and lifestyles

Revenue at the Bakery Division declined 3.2% to S$297.2 million in FY2017 from S$306.9 million in FY2016 with lower contributions from direct operated stores in Shanghai, Beijing and Hong Kong, as well as lower franchise revenue from Mainland China resulting from the planned early termination of eight franchisees during the year. EBITDA for the year was $23.2 million, 20.5% lower compared to FY2016, while EBITDA margin decreased slightly to 7.8% primarily due to lower profitability at the Singapore and Shanghai direct operated stores and lower contribution from the high-margin Mainland China franchise business.

The franchise business expanded to 631 outlets as more outlets were opened in Indonesia, Thailand and the Philippines in the year, while eight direct operated stores were reclassified. BreadTalk now directly operates 240 stores.

BREADTALK

The Group's Bakery Division continues to scale new heights with its global recognition at the World Branding Awards, our first store opening in Yangon, Myanmar and the introduction of new product offerings during the year.

The key highlight for BreadTalk was being named "Brand of the Year" in the Bakery category at the World Branding Awards 2017-2018. This marks the third time BreadTalk has received this prestigious award, following previous wins in 2014 and 2016. We are proud to be the only bakery brand from Singapore to have been awarded this title. In addition, BreadTalk was named Asia's most loved bakery in 2017, marking a fourth consecutive win for "Top Brand" at the Influential Brands Award. These awards are an affirmation of the quality, branding and excellent customer satisfaction we have achieved over the last 17 years.



BreadTalk Group Chairman, Dr George Quek, receiving the award at the World Branding Awards 2017 ceremony held in Kensington Palace, London



Grand opening of the first BreadTalk outlet in Myanmar at Junction City, Yangon



Cereal Flosss BB bun, a cereals-ly addictive combination of savoury flosss paired with fragrant buttery cereal, launched in celebration of Singapore's National Day

2017 was a year of many firsts for BreadTalk as we expanded into new territories and strengthened our foothold in existing markets. This year, we broke new ground with the opening of our inaugural BreadTalk outlet at the iconic Junction City in Yangon, Myanmar, in March and the second outlet at Junction Square in November 2017. With its strategic location at the heart of Yangon and its eclectic mix of residential, hospitality and retail elements, the BreadTalk brand is well-positioned for success and growth in the market.

Regionally, we opened 64 BreadTalk stores across our 12 international franchise markets. This was driven by strong expansion in Indonesia with 20 new additions, which increased our presence in Indonesia to 186 stores by end-2017. In Thailand, we ventured into the resort city of Phuket and Rayong with four new outlets as we look to build on our successful track record in Bangkok and Pattaya.

Our goal does not stop at expanding the Group's brand presence geographically. We strive to create innovative products to meet our customers' tastes and have satiated their taste buds with a delectable range of product offerings over the past 17 years.

To celebrate our nation's birthday, the BreadTalk team reinvented our iconic Flosss bun into the Cereal Flosss BB, a mini rendition of our signature bun and a modern interpretation of a popular local tze char flavour. The product was successfully launched in August 2017.

Inspired by Singapore's local tze char culture, the Cereal Flosss BB was a runaway success and has since been reintroduced as a long-term product in the original Flosss size. Since August 2017, we have sold more than 135,000 Cereal Flosss BB and Cereal Flosss buns, and will continue to build on this success.

The launch of the OHAIYO! Japan product range across Vietnam, Cambodia, Philippines, Thailand and Myanmar was also well-received. In particular, the Hai! Cheese and the Matcha Red Bean were exceptionally popular and contributed more than 30% to total sales in their respective locales.

Business Review: Bakery

TOAST BOX

We have consistently sought to bring our signature Nanyang coffee, toast and Asian delights to customers in other countries around the region. In May 2017, we expanded our global footprint into Indonesia with the opening of our first Toast Box outlet at Soekarno-Hatta International Airport in Jakarta. We also refreshed our existing stable of outlets in Hong Kong and the Philippines.



Toast Box at Soekarno-Hatta Airport, Indonesia

While store expansion remains a key tenet of our business, we remain steadfast in our commitment to create new products regularly to continually capture the taste buds of our customers. This year, we celebrated our nation's 52nd birthday with our own rendition of one of Singapore's most celebrated dishes - chilli crab.



Toast sticks served with our chef's secret concoction of the sweet and slightly spicy Chilli Crab dip that includes authentic crab meat, launched in celebration of Singapore's National Day

Endearingly named "Tok Gong", a colloquial slang for "awesome", our delectable Chilli Crab Toast Sticks married Toast Box's traditional toast sticks with a generous serving of our very own chilli crab dip. In the month of August, we sold 17,000 sets of Tok Gong in Singapore!

In conjunction with the launch of this new dish, we also started a social media campaign that reached more than 18,000 Facebook users, where customers shared with us how "tok gong" their loved ones are, which made for a heart-warming National Day celebration at Toast Box!

Toast Box also introduced a limited edition collection of build-it-yourself Tiny Blocks collectibles in three designs, Kaya Toast, Kopi Master, and Nanyang Kopi, which were thoughtfully designed to resemble icons of Toast Box and Singapore's coffee and toast culture. In the spirit of Christmas-giving, a portion of the proceeds was donated to ABLE (Abilities Beyond Limitations and Expectations), a non-profit organisation with a mission to help the physically challenged lead productive, meaningful and independent lives.

BREAD SOCIETY

Customers looking for artisanal creations can head to Bread Society, our bakery chock-full of handcrafted breads made from natural premium ingredients and European-inspired confections. You can be assured of excellent service as our Bread Society staff emerged victorious in this year's "Best Service" campaign organised by the Bakery training department. In recognition of their exceptional achievements, they were treated to an all-expenses paid trip to Shanghai which included an inaugural visit to the BreadTalk and Toast Box outlets at the Shanghai Disney Resort.



The Bread Society team visiting the outlet in Shanghai



This year's carefully curated selection of mooncakes of Thye Moh Chan included a new flavour, the Chef's Private XO Recipe



A bold yet elegant packaging of royal purple with gold trimmings, coupled with the meaningful ingredients and artisanal craft, makes Golden Joy an ideal gift for various celebratory occasions

THYE MOH CHAN

Upholding its proud heritage of serving handcrafted traditional Teochew baked goods, Thye Moh Chan celebrated yet another successful Mid-Autumn Festival with the introduction of an exclusive new flavour that incorporated our chef's private XO sauce recipe. The luxurious XO sauce comprises a perfect blend of shallots, dried shrimps, scallops and chilli, creating a savoury concoction with a subtle hint of spice. A crowd favourite, it was a welcome addition to our signature Sweet or Salty Tau Sar flaky-skinned mooncakes. Thye Moh Chan also achieved a new record of nearly $1 million in sales for its mooncakes in 2017.

There are few milestones in life that are more significant than one's wedding. At Thye Moh Chan, we want to be part of life's greatest moments. With that in mind, we launched the Golden Joy "四点金" – a pastry inspired by the traditional Teochew betrothal gift of a four-piece set of wedding jewellery usually presented to the bride as a form of blessing and welcome into the family. The Golden Joy is made with four ingredients that each symbolises auspicious phrases commonly bestowed upon a wedded couple. More than just a pastry, the Golden Joy is also a powerful celebration of our traditional Teochew culture.

Bakery

DISTRIBUTION OF OUTLETS BY GEOGRAPHY

TOTAL OUTLETS

871

As at end FY2017

OUTLET MOVEMENTS

OPEN	CLOSED
118	109

Singapore	120
Thailand	48
Mainland China	361
Indonesia	187
Hong Kong	23
Philippines	61
Rest of World	71

Food Atrium

FINANCIAL OVERVIEW

	FY2016	FY2017
Revenue (S$'m)	157.9	**149.3**
Revenue Contribution (%)	25.7	**24.9**
EBITDA margin (%)	10.3	**16.8**



Food Republic Wisma Atria, revamped in late 2017, reflecting a theme that resonates with Singapore in the 70s - 80s

The Food Atrium Division capped off a strong year with a 53.7% increase in EBITDA to S$25.1 million, while EBITDA margin rose to 16.8% from 10.3% in FY2016. This was despite lower revenue of S$149.3 million that was due to the closure of four outlets during the year. Growth in same-store sales remained strong, particularly across Mainland China. The two new outlets that opened in Shenzhen at the end of FY2017 have not made significant contributions due to the short operating period but are expected to do so in FY2018.

HIGHLIGHTS IN FY2017

OUTLETS

Since the inception of the first Food Republic outlet in Singapore in 2005, the brand has come to be synonymous with delicious, quality street food served in a thematic setting. Today, the Food Atrium Division operates 53 outlets across six countries - Singapore, Mainland China, Hong Kong, Malaysia, Taiwan and Thailand.

In our quest to constantly reinvent and pioneer new concepts to entice consumers, we launched a new dining concept in Shanghai during the year. In an endeavour to create an upmarket vibe and a sense of exclusivity to some of the traditional and classic street food offerings, the Food Republic outlet located in China's tallest building - the iconic Shanghai Tower - was designed as a "food street" of mini restaurants with their own seats and service areas. Opened in April, the outlet was warmly received by locals and tourists alike. This is a niche concept which we intend to introduce to selected Food Republic outlets in more premium locales.

Some of the key tenants include the popular Sergeant Chicken Rice, Fragrant Hot Pot and Hok Kee Beef Noodle, amongst others.



Sergeant Chicken Rice Mini Restaurant in Shanghai

In Singapore, after two months of refurbishment, our flagship outlet at Wisma Atria unveiled a revitalised theme in November. Adapting impressions of Nanyang in the 70s to 80s, the food court now comes with refreshed interior décor, bigger stall areas and a brighter ambience.

The new exciting line-up of new stalls include:

- Koo Kee Yong Tow Foo Mee;
- Ali Shan Curry Rice;
- Guan's Mee Pok;
- The Original Katong Laksa;
- Aher Soup (awarded **Michelin Bib Gourmand in 2017**) and more

Our Food Republic outlet in Central Rama 9, Bangkok, was also refreshed with new food stalls such as Sister's Thai Curry Rice, Som Bat Thai Cuisine and more.



Tray Return campaign at Food Republic IHQ



Little Nanyang, Shanghai



The Original Katong Laksa at Food Republic Wisma Atria



New stalls at Food Republic Wisma Atria

KEY INITIATIVES

Tapping on the increasing popularity of food delivery services in busy and bustling Bangkok and Singapore, we have also collaborated with Foodpanda to make Food Republic's offerings more easily accessible for our customers.

In this age of technological advancement, we have also successfully implemented near-field communication technology in all our Food Republic food courts in Taiwan, making them the second market after Singapore to accept contactless payment.

To give back to the community, Food Republic at BreadTalk IHQ launched a two-month 'Tray Return Campaign' where one bowl of rice was donated to the beneficiaries of Willing Hearts (a local charity organisation) with every three trays returned by diners.

Food Atrium

DISTRIBUTION OF OUTLETS BY GEOGRAPHY

TOTAL OUTLETS

53

As at end FY2017

OUTLET MOVEMENTS

OPEN	CLOSED
3	7

Singapore	14
Malaysia	2
Mainland China	27
Thailand	3
Hong Kong	4
Taiwan	3

Restaurant

FINANCIAL OVERVIEW

	FY2016	FY2017
Revenue (S$'m)	137.7	**140.7**
Revenue Contribution (%)	22.4	**23.5**
EBITDA margin (%)	21.4	**21.4**



World famous steamed pork dumplings (xiao long bao)

The Restaurant Division continued to deliver stable growth as it registered a 2.2% increase in revenue to $140.7 million on the back of contribution from a new outlet in Thailand. EBITDA rose 2.1% while EBITDA margin remained stable at 21.4%

HIGHLIGHTS IN FY2017

OUTLETS

With BreadTalk Group's strong commitment to serving Din Tai Fung's quality Taiwanese cuisine and sterling service to local audiences, the brand has enjoyed continued success in Singapore and Thailand, expanding its footprint to 21 and four restaurants respectively.



Northpoint City, Din Tai Fung Singapore

In recognition of the Group's ability to uphold exacting standards, a franchise agreement to operate the Taiwanese restaurant brand in the United Kingdom was secured in November 2016. Din Tai Fung's maiden restaurant in Europe is scheduled to open in London by end 2018. Strategically located in the heart of bustling London, it will adopt the brand's signature open-concept kitchen where customers can witness the world-class skills and showmanship of Din Tai Fung's *dianxin* chefs, bringing a new dining experience to locals and foreign visitors alike.

In January 2018, the Group introduced its 22nd Din Tai Fung restaurant in Northpoint City – Singapore's foremost major suburban shopping mall. With a seating capacity of 122, the new restaurant is housed in the newly refurbished Yishun megamall that serves as a lifestyle, recreation and integrated transportation hub for over half a million residences in Singapore's Northern region, further expanding the restaurant's footprint to cater to an even larger segment of local diners.

Since the launch of its first restaurant in Thailand at CentralWorld in 2011, Din Tai Fung has steadily increased its presence in Thailand to a total of four restaurants, the latest of which is situated in Central Bangna, an up-and-coming city near Suvarnabhumi Airport.

AWARDS

Din Tai Fung continues to impress customers with its quality service for which the brand is renowned for. It is proud to attain the Silver Award in the inaugural Excellent Service Award (EXSA) 2017, a widely recognised national award supported by SPRING Singapore that honours service excellence.

In recognition of its front-liners' dedication to excellence, Din Tai Fung also piloted its own 'Din Tai Fung Star Awards', an annual event that recognises exceptional staff for culinary skills, service and stewarding.

The brand was also voted Asia's 'Top Brand' in the Restaurant category by Influential Brands for the fifth year running, an award that celebrates leading brands in each sector.

As a testament to Din Tai Fung's continuous efforts in advocating green practices, its City Square Mall restaurant is the first Chinese restaurant in Singapore to clinch the BCA Green Mark (Gold Plus) title in 2017.



One of the recipients of the Excellent Service Award 2017 (EXSA)



Din Tai Fung at City Square Mall was awarded the BCA Green Mark (Gold Plus) in 2017



Raising awareness of Din Tai Fung's Fundraising Campaign along Orchard Road



Sale of Din Tai Fung's Sunshine Brolly raised funds for the Children's Cancer Foundation

KEY ACTIVITIES

In its effort to maximise manpower efficiency, Din Tai Fung has initiated automation of key operational processes. These include the island-wide implementation of automated rice dispensers to alleviate labour shortage, increase efficiency and improve overall product consistency. A new Queue Management System that facilitates customers' waiting time in a systematic fashion was also rolled out in 22 restaurants.

This year, Din Tai Fung also saw the major refurbishment of three restaurants - Junction 8, Wisma Atria and Jurong Point. Other than sporting a fresh storefront, adjustments to the menu at Wisma Atria were made, including the introduction of Premium Pot Tea, as well as three exclusive new dishes, allowing diners to enjoy a fresh dining experience. Adding to the brand's line of merchandise, Din Tai Fung launched the Space Explorer Umbrella in June 2017, allowing fans to bring a piece of the brand home.

On the Corporate Social Responsibility front, Din Tai Fung partnered with the Children's Cancer Foundation for a fundraising campaign. Din Tai Fung retailed, island-wide, exclusive merchandise - the Sunshine Brolly (S$15.90 nett), where all net proceeds were donated to the beneficiaries of the Children's Cancer Foundation. With the ardent support of Din Tai Fung fans, a total of S$35,000 was raised within the span of a month.

Restaurant

DISTRIBUTION OF OUTLETS BY GEOGRAPHY

TOTAL OUTLETS

25

As at end FY2017

OUTLET MOVEMENTS

OPEN	CLOSED
1	0

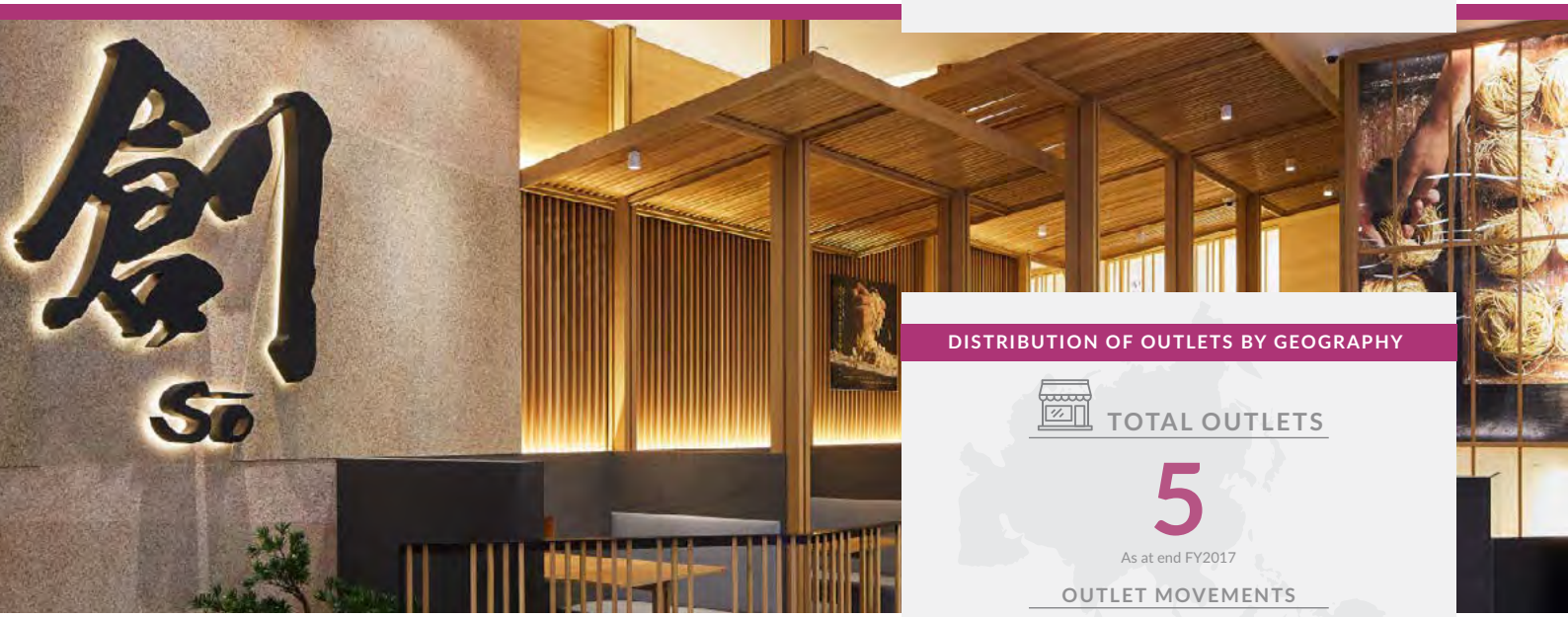
Din Tai Fung

Singapore	Thailand
21	4

4orth

FINANCIAL OVERVIEW

	FY2016	FY2017
Revenue (S$'m)	7.8	**7.9**
Revenue Contribution (%)	1.3	**1.3**
EBITDA margin (%)	3.5	**6.8**



Sō opened its first restaurant at NEX, the largest mall in North-East Singapore, in March 2017

DISTRIBUTION OF OUTLETS BY GEOGRAPHY

TOTAL OUTLETS

5

As at end FY2017

OUTLET MOVEMENTS

Singapore
5

HIGHLIGHTS IN FY2017

The 4orth Division marked its inaugural year of operations with revenue of S$7.9 million and EBITDA of S$0.5 million. EBITDA margin was 6.8%. The strong performance was generated by the Sō brand of ramen restaurants, which was successfully rebranded from RamenPlay during the year.

In an ongoing and concerted effort to maintain sustainable growth in the highly competitive F&B industry, the BreadTalk Group established the 4orth Division during the year. This new Division was created to encourage employees to go forth and push boundaries, think out of the box and challenge the norm. Through this Division, we are promoting entrepreneurial thinking in our workforce that will not only propel the organisation forward but also inspire individual professional development. The end point is to build a stronger and more agile BreadTalk Group that will stay ahead of its competition.

The first project undertaken by the Division was the successful re-branding of RamenPlay to Sō. After comprehensive market analysis and focus group sessions, the team developed a strategic plan for a total revamp of the brand.

The menu was simplified with an increased emphasis on improving taste and quality at wallet-friendly prices. A new and open store concept was introduced – with a brighter and more modern interior that included touches of Japanese design elements. The staff uniform was also refreshed to incorporate brighter colours and statement Japanese bandanas were introduced for a stylish and contemporary look.

The first Sō outlet opened at NEX mall in March 2017. Following which, its four other outlets at BreadTalk IHQ, Velocity @ Novena Square, Bedok Mall and Resorts World Sentosa were successfully revamped by September.

This new concept has garnered positive reviews with all five outlets turning in an exceptional performance. Another landmark development is the inking of a joint venture with Song Fa Holdings Pte Ltd ("Song Fa") to operate its highly popular Teochew *Bak Kut Teh* brand in Mainland China and Thailand. The partnership leverages on BreadTalk Group's strengths in business development and vast overseas network and Song Fa's 49-year old brand heritage and flavourful recipe to please discerning consumers in the region.



BreadTalk Group CEO, Mr Henry Chu and Managing Director of Song Fa Holdings, Mr Yeo Hart Pong at the signing of the joint venture agreement

The first Song Fa Bak Kut Teh restaurant opened on 26 January 2018 at Jing' An Kerry Centre, a shopping location that is in the heart of Shanghai's Nanjing Road business district that prides itself as a pre-eminent shopping venue with the most exclusive office address in Shanghai, making it an apt location to introduce a Michelin Bib Gourmand award-winning brand. There are plans to expand the brand to other major cities such as Beijing, Shenzhen and Guangzhou.

Investor Relations

OBJECTIVES

Facilitate proactive communications and engagements with all stakeholders and the investment community

Ensure timely and accurate disclosure of company's business model, strategies and performance

Good corporate governance practices

BreadTalk Group's Management and Investor Relations (IR) team are committed to building strong relationships with local and overseas investors through good corporate governance practices and a sound reporting system.

BreadTalk Group maintains an IR webpage (http://breadtalk.listedcompany.com), which serves as the primary source of corporate information, financial results, significant business developments and feedback.



FY2017 Financial Results Briefing

We provide both equity and credit institutional investors the opportunity to have face-to-face interactions with BreadTalk Group's Management during semi-annual results briefings. We also hold regular one-on-one meetings with both sell-side research analysts and buy-side institutional investors to keep them abreast of our financial performance and business operations. Currently, we are covered by two research analysts.

The Management and IR team engaged 275 investors in 22 one-on-one meetings and conference calls. We also participated in local and overseas roadshows and conferences (one in Hong Kong and five in Singapore).

SUMMARY OF FY2017 INVESTOR RELATIONS ACTIVITIES

FACE-TO-FACE/TELE-CONFERENCES INVESTOR MEETINGS HOSTED
22

INVESTORS ENGAGED
275

INVESTOR CONFERENCES/EVENTS ATTENDED
6

COVERAGE BY EQUITY RESEARCH HOUSES
- RHB Research Institute Singapore – Juliana Cai
- DBS Vickers Securities – Alfie Yeo

FY2017 CALENDAR

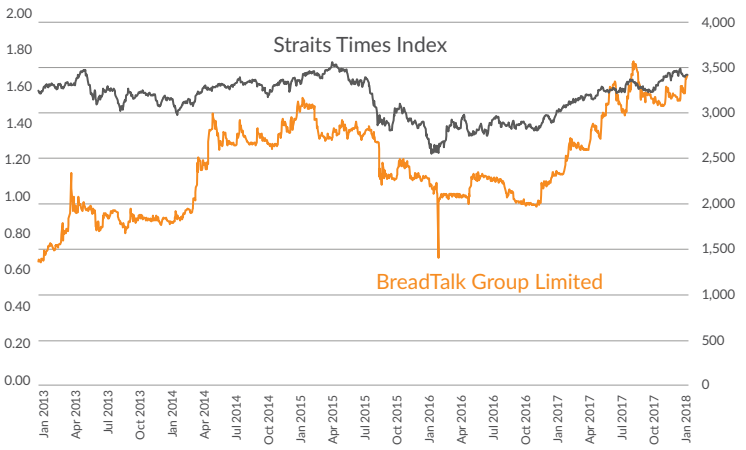
22 Feb	FY 2016 Results Announcement
23 Feb	FY 2016 Results - Analyst & Media Briefing
24 Feb	Non-Deal Roadshow hosted by RHB Research Institute
20 Apr	Annual General Meeting
03 May	1Q2017 Results Announcement
04 May	Non-Deal Roadshow hosted by DBS Vickers Securities
26 May	Non-Deal Roadshow - Citi ASEAN C-Suite Investor Conference hosted by Citibank
13 Jun	Non-Deal Roadshow in Hong Kong hosted by DBS Vickers Securities
02 Aug	2Q2017 Results Announcement
22 Aug	Non-Deal Roadshow hosted by Standard Chartered Bank and OCBC
06 Nov	3Q2017 Results Announcement
06 Nov	Non-Deal Roadshow hosted by Citibank

FY2018 CALENDAR

09 Jan	Non-Deal Roadshow - Pulse of Asia hosted by DBS Vickers Securities
22 Feb	FY 2017 Results Announcement
22 Feb	FY 2017 Results - Analyst & Media Briefing
20 Apr	Annual General Meeting
May	Proposed Announcement of First Quarter Results
26 & 27 Jun	Non-Deal Roadshow - Citi ASEAN C-Suite Investor Conference
Aug*	Proposed Announcement of Second Quarter Results
Nov*	Proposed Announcement of Third Quarter Results
Feb 19	Proposed Announcement of Full Year Results

** Subject to change, please check http://breadtalk.listedcompany.com for the latest updates*

BREADTALK GROUP SHARE PRICE VS STRAITS TIMES INDEX (STI)



BreadTalk Group's market capitalisation as at 28 February 2018 was S$504 million based on its share price of S$1.79. Total shareholder return over the last five years was 156%, inclusive of dividends, compared to 5% delivered by the Straits Times Index.

Corporate Information

Directors

Dr George Quek Meng Tong
Ms Katherine Lee Lih Leng
Mr Oh Eng Lock
Mr Ong Kian Min
Mr Chan Soo Sen
Dr Tan Khee Giap
Mr Paul Charles Kenny

Bankers

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank (Singapore) Limited
United Overseas Bank Limited

Company Secretaries

Chew Kok Liang
Shirley Tan Sey Liy

Share Registrar

RHT Corporate Advisory Pte Ltd
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

Registered Office

30 Tai Seng Street
#09-01 BreadTalk IHQ
Singapore 534013
Tel: 6285 6116
Fax: 6285 1661

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner in charge: Philip Ling
(since financial year ended 31 December 2016)

BreadTalk Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") are committed to set corporate governance practices in place which are in line with the recommendations of the Code of Corporate Governance 2012 (the "**Code**") to provide the structure through which the objectives of protection of shareholders' interest and enhancement of long term shareholders' value are met.

This report sets out the Group's corporate governance processes and structures that were in place throughout the financial year ended 31 December 2017, with specific reference made to the principles and guidelines of the Code and where appropriate, we have provided explanations for deviations from the Code.

A. BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guideline 1.1 of the Code: The Board's role

The primary function of the Board of Directors (the "**Board**") is to protect and enhance long-term value and returns for its Shareholders. Besides carrying out its statutory responsibilities, the Board's roles include:

1. Providing entrepreneurial leadership, setting strategic directions and overall corporate policies of the Group;

2. Supervising, monitoring and reviewing the performance of the management team;

3. Ensuring the adequacy of internal controls, risk management and periodic reviews of the Group's financial performance and compliance;

4. Setting the Company's values and standards (including ethical standards) to meet its obligations to shareholders and other stakeholders, ensuring that the necessary human resources are in place;

5. Approving the annual budget, major investments and divestment proposals;

6. Assuming responsibility for good corporate governance practices; and

7. Approving corporate or financial restructuring, share issuance, dividends and other returns to Shareholders, Interested Person Transactions of a material nature and release of the Group's results for the first three (3) quarters and full year results.

Guideline 1.2 of the Code: Disclosure on directors discharge of duties and responsibilities

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company.

Guideline 1.3 of the Code: Disclosure on delegation of authority by the Board to Board Committees

To assist in the execution of its responsibilities, the Board is supported by three committees, namely the Audit Committee (the "**AC**"), Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (collectively "**Board Committees**"). The Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

Guideline 1.4 of the Code: Board to meet regularly

Formal Board meetings are held at least four times a year to approve the quarterly and full year results announcements and to oversee the business affairs of the Group. The schedule of all the Board and Board Committees meetings for the calendar year is usually given to all the Directors well in advance. The Board is free to seek clarification and information from Management on all matters within their purview. Ad-hoc meetings are convened at such other times as may be necessary to address any specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. Meetings via telephone or video conference are permitted by the Company's Constitution.

Details of the Directors' attendance at Board and Board Committee meetings held during the financial year ended 31 December 2017 are summarised as follows:

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Name of Director	*Board*	*AC*	*NC*	*RC*
Number of Meetings Held	4	4	1	1
ATTENDANCE				
Dr George Quek Meng Tong	4	4*	1*	1*
Ms Katherine Lee Lih Leng	4	4*	1*	1*
Mr Oh Eng Lock [(1)]	2	Nil	Nil	Nil
Mr Ong Kian Min	4	4	1	1
Mr Chan Soo Sen	4	3	1	1
Dr Tan Khee Giap	4	4	1	1
Mr Paul Charles Kenny	4	Nil	Nil	Nil

* By invitation

(1) Mr Oh Eng Lock was appointed as the Executive Director on 1 August 2017.

Guideline 1.5 of the Code: Matters requiring Board approval

Matters that are specifically reserved to the Board for approval include:

(a) matters involving a conflict of interest for a substantial Shareholder or Director;

(b) material acquisitions and disposal of assets;

(c) corporate or financial restructuring;

(d) share issuances, dividends and other returns to Shareholders;

(e) matters which require Board approval as specified in the Company's Interested Person Transactions policy; and

(f) substantial expenditures exceeding a prescribed limit.

Guideline 1.6 of the Code: Directors to receive appropriate training

The Company provides a comprehensive orientation programme to familiarise new directors with the Company's businesses and governance practices, as well as the Group's history, core values, strategic direction and industry-specific knowledge so as to assimilate them into their new roles.

Directors also have the opportunity to visit the Group's operational facilities and meet with the management team to gain a better understanding of the Group's business operations. Each Director is provided with an annually updated manual containing Board and Company policies relating to the disclosure of interests in securities and conflicts of interests in transactions involving the Company, prohibitions on dealings in the Company's securities, as well as restrictions on the disclosure of price sensitive information.

The Directors are also updated regularly with changes to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary informed the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties.

Newly appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarizes the Directors on the business activities of the Company during Board meetings.

All Directors are appointed to the Board by way of a formal letter of appointment indicating their roles, obligations, among other matters, duties and responsibilities as member of the Board.

Guideline 1.7 of the Code: Formal letter of appointment

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises seven (7) members – three (3) Independent Non-Executive Directors, three (3) Executive Directors and one (1) Non-Executive Director. They are as follows:

Guideline 2.1 and 2.2 of the Code: Independence of the Board

Dr George Quek Meng Tong	(Chairman)
Ms Katherine Lee Lih Leng	(Deputy Chairman)
Mr Oh Eng Lock [(1)]	(Executive Director)
Mr Ong Kian Min	(Lead Independent Non-Executive Director)
Mr Chan Soo Sen	(Independent Non-Executive Director)
Dr Tan Khee Giap	(Independent Non-Executive Director)
Mr Paul Charles Kenny	(Non-Executive Director)

(1) Mr Oh Eng Lock was appointed as the Executive Director on 1 August 2017

Presently, the Company has three (3) Independent Directors on the Board, which makes up at least one-third of the Board. While the Chairman, Dr George Quek Meng Tong is part of the Management team and is not considered as an Independent Director, the NC is satisfied that after taking into account the scope and nature of operations of the Group in the year under review, the current Board size is appropriate and effective.

Guideline 2.3 of the Code: Independent Directors

The Board has three (3) Independent Directors whose independence is reviewed by the NC annually. The NC considers an "independent" Director as one who has no relationship with the Company, its related Corporations, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent judgement of the conduct of the Group's affairs, and is not a 10% Shareholder, or a partner (with 10% or more stake) or an executive officer, or a director of any for profit business organisation to which the Company or any of its subsidiaries have made or received significant payments (aggregated in excess of S$200,000 per year) in the current or immediate past financial year. Moreover, the Chairman of the NC is not associated, directly or indirectly, with a 10% Shareholder, in current or immediate past financial year to enhance an independent view to the best interests of the Company.

As a result of the NC's review for financial year ended 31 December 2017, the NC is of the view that the Independent Directors are independent of the Company's management as contemplated by the Code.

Guideline 2.4 of the Code: Rigorous Review of Independent Directors

In line with Guideline 2.4 of the Code, the NC had conducted a rigorous review on the independence of the Independent Directors, Mr Ong Kian Min ("**Mr Ong**") and Mr Chan Soo Sen ("**Mr Chan**") and considers them as independent even though they have served on the Board beyond 9 years. The relevant factors that were taken into consideration in determining the independent of Mr Ong and Mr Chan are set out under Principle 4 of page 38 of this Annual Report.

Guideline 2.5 of the Code: Appropriate Board size

The Board is of the view that taking into account the scope and nature of the operation of the Company, the present Board size and composition facilitates efficient and effective decision-making with a strong independent element.

Guideline 2.6 of the Code: Board to comprise Directors with core competencies

Each Director has been appointed based on the strength of his calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. As each director brings valuable insights from different perspectives vital to the strategic interests of the Company, the Board considers that the Directors possess the necessary competencies to provide Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

Guidelines 2.7, 2.8 and 3.4 of the Code: Role of NEDs and regular meetings of NEDs

Once a year, a formal session is arranged for the Non-Executive Directors (the "**NEDs**") to meet without the presence of Management or Executive Directors to discuss any matters that must be raised privately, for example, the review of the performance of Management. The session is chaired by Mr Ong, the Lead Independent Non-Executive Director, who is also the chairman of the AC and NC. The Lead Independent Non-Executive Director has provided feedback to the Chairman after such meeting.

The Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guideline 3.1 of the Code: The Chairman and chief executive officer should be separate persons

The Company adopts a dual leadership structure whereby the positions of chairman and chief executive officer are separated. There is a clear division of responsibilities between the Company's Chairman and the Group Chief Executive Officer, which provides a balance of power and authority.

As the Chairman, Dr George Quek Meng Tong is responsible for ensuring Board effectiveness and conduct, as well as the strategic development of the Group in addition to duties and responsibilities which he may, from time to time, be required to assume. The Group Chief Executive Officer, Mr Chu Heng Hwee, has overall responsibility of the Group's operations, organisational effectiveness and implementation of Board policies and strategic decisions.

Guideline 3.2 of the Code: The Chairman's role

Notwithstanding the above, the Non-Executive and Independent Directors fulfil a pivotal role in corporate accountability. Their presence is particularly important as they provide unbiased and independent views, advice and judgement to take care of the interests, not only of the Company but also of the Shareholders, employees, customers, suppliers and the many communities with which the Company conducts business with. The Board had on 14 August 2006 appointed Mr Ong as the Lead Independent Non-Executive Director to act as an additional channel available to Shareholders.

Guideline 3.3 of the Code: Appointment of Lead Independent Director

Where appropriate, the Lead Independent Director meets periodically with the other Independent Directors without the presence of the other Directors and provides feedback to the Chairman after such meetings.

Guideline 3.4 of the Code: Periodic Independent Directors meetings and feedback to the Chairman

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises the three (3) Independent Non-Executive Directors who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole, as well as for each individual Director on the Board. The chairman of the NC is the Lead Independent Non-Executive Director, who is not a 10% Shareholder or directly associated with a 10% Shareholder.

Guideline 4.1 of the Code: Composition of the NC

The composition of the NC is as follows:

Mr Ong Kian Min	–	Chairman
Mr Chan Soo Sen	–	Member
Dr Tan Khee Giap	–	Member

The primary responsibilities of the NC under the guidelines of the written Terms of Reference are:

Guidelines 4.2 of the Code: Duties of the NC

1. To make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally, and the balance between Executive and Non-Executive Directors appointed to the Board, as well as ensuring there are procedures in place for the selection and appointment of NEDs;

2. To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;

3. To be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominees have the requisite qualifications and whether or not they are independent;

4. To make plans for succession, in particular for the Chairman, the Group's Chief Executive Officer and other key management personnel;

5. To determine, on an annual basis, if a Director is independent. If the NC determines that a Director, who has one or more of the relationships mentioned under the Code is in fact independent, the NC would disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent;

6. To recommend Directors who are retiring by rotation to be put forward for re-election;

7. To determine whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly where he has multiple board representations and other principal commitments;

8. To be responsible for developing an evaluation mechanism for the performance of the Board, its board committees and Directors; and assessing the effectiveness of the Board as a whole, its board committees and for assessing the contribution of each individual Director to the effectiveness of the Board and disclosing annually, this assessment process; and

9. To review the training and professional development programmes for the Board.

Guidelines 4.2 and 4.6 of the Code: Process of selecting directors

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration.

New Directors are appointed by way of a Board resolution following which they are subject to re-election at the next AGM.

All the Directors are required to submit themselves for re-nomination and re-appointment at least once every three (3) years and at least one-third of the Board shall retire from office by rotation and be subject to re-election at every annual general meeting ("**AGM**") of the Company.

Guideline 4.3 of the Code: Independence of Independent Directors

In considering whether an Independent Director who has served on the Board beyond 9 years is still independent, the Board has taken into consideration the following factors:

1. The considerable amount of experience and wealth of knowledge that the independent director brings to the Company;

2. The attendance and active participation in the proceedings and decision making process of the Board and Committee Meetings;

3. Provision of continuity and stability to the new Management at the Board level as the independent director has developed deep insight into the business of the Company and possesses experience and knowledge of the business;

4. The qualification and expertise provides reasonable checks and balances for the Management;

5. The independent director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. He is adequately prepared and responsive and heavily involved in the discussions at the meeting; and

6. The independent director provides overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests.

In this regard, the NC with the concurrence of the Board has reviewed the suitability of Mr Ong and Mr Chan being the Independent Directors who have served on the Board beyond 9 years and have determined that Mr Ong and Mr Chan remain independent. Mr Ong and Mr Chan had abstained from voting on any resolution in respect of their own appointment. In addition, the NC is of the view that Mr Ong and Mr Chan are independent (as defined in the Code) and are able to exercise judgement on the corporate affairs of the Group independent of the Management.

Guideline 4.4 of the Code: Board representations

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits.

Guideline 4.5 of the Code: Appointment of Alternate Director

There is no alternate director being appointed to the Board for the financial year ended 31 December 2017.

The NC has recommended to the Board that Dr George Quek Meng Tong and Mr Ong Kian Min be nominated for re-election pursuant to Regulation 107 of the Company's Constitution and Mr Oh Eng Lock be nominated for re-election pursuant to Regulation 111 of the Company's Constitution at the forthcoming AGM. The Board had accepted the NC's recommendation.

Each member of the NC shall abstain from voting on any resolutions in respect to his nomination as a Director.

Guidelines 4.7 of the Code: Key information regarding Directors

The key information regarding Directors such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set out in pages 7 to 11 of the Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines 5.1 to 5.3 of the Code: Assessing the effectiveness of the Board

While the Code recommends that the NC be responsible for assessing the Board as a whole and also assessing the individual evaluation of each Directors' contribution, the NC is of the view that it is more appropriate and effective to assess the Board and Board Committees as a whole, bearing in mind that each member of the Board contributes in a different way to the success of the Company and Board decisions are made collectively.

The Board has implemented a process for assessing the effectiveness of the Board as a whole and the Board Committees. During the financial year under review, each Director was required to complete a board evaluation form adopted by the NC to assess the overall effectiveness of the Board and Board Committees, which will be collated by the Chairman for review or discussion. The results of the Board and Board Committees evaluation exercise were considered by the NC which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively. The appraisal process focused on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the Directors' standards of conduct. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board. No external facilitator was used during the evaluation process.

The Board and the NC had endeavored to ensure that Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of Directors for the financial year ended 31 December 2017 are based on their attendance and contributions made at the Board and Board Committees meetings.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board receives complete and adequate information on an on-going basis. The Management provides the Chairman and Deputy Chairman with monthly management accounts and the rest of the Board members with quarterly management accounts. The agenda for Board meetings is prepared in consultation with the Chairman and it will be circulated at least one (1) week in advance to Board members of each meeting.

Guideline 6.2 of the Code: Provision of information to the Board

Furthermore, the Board members have separate and independent access to the Company Secretary and key management personnel, and there is no restriction of access to the senior Management team of the Company or the Group at all times in carrying out its duties.

Guidelines 6.1 and 6.3 of the Code: Access to the Management and role of the Company Secretary

The Company Secretaries or their representatives attend all Board and Board Committees meetings and prepare minutes of Board and Board Committees meetings and assist the Chairman in ensuring that Board procedures are followed and reviewed in accordance with the Company's Constitution so that the Board functions effectively and the relevant rules and regulations applicable to the Company are complied with. The Company Secretaries or their representatives' role is to advise the Board on all governance matters, ensuring that legal and regulatory requirements as well as Board policies and procedures are complied with. The appointment and removal of the Company Secretaries are subjected to the approval of the Board.

Guideline 6.4 of the Code: Appointment and removal of company secretary

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board takes independent professional advice as and when it is necessary to enable it or the Independent Directors to discharge the responsibilities effectively.

Guideline 6.5 of the Code: Access to independent professional advice

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors, and it comprises the three (3) Independent Non-Executive Directors. The chairman of the RC is an Independent Non-Executive Director.

Guideline 7.1 of the Code: The RC is to consist entirely of NEDs and the majority, including the RC chairman, must be independent

The RC comprises three (3) Independent Directors as follows:

Mr Chan Soo Sen	–	Chairman
Dr Tan Khee Giap	–	Member
Mr Ong Kian Min	–	Member

The overriding principle is that no Director should be involved in deciding his own remuneration. The RC has adopted written terms of reference that defines its membership, roles, functions and administration.

The primary responsibilities of the RC are as follows:

Guideline 7.2 of the Code: The RC's responsibilities

1. To review and recommend to the Board in consultation with the Chairman of the Board, a framework for remuneration and to determine the specific remuneration packages and terms of employment for each of the Executive Directors and key management personnel or divisional Chief Executive Officers ("**CEOs**") (those reporting directly to the Chairman or the Group Chief Executive Officer) and those employees related to the Executive Directors and controlling shareholders of the Group;

2. To review and recommend to the Board in consultation with the Chairman of the Board, any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith;

3. To administer the BreadTalk Group Limited Restricted Share Grant Plan (the "**RSG Plan**") and the BreadTalk Group Limited Employees' Share Option Scheme (the "**Scheme**") and shall have all the powers as set out in the Rules of the RSG Plan and the Scheme;

4. To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time;

5. As part of its review, the RC shall ensure that:

   (i) all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;

   (ii) the remuneration packages should be comparable within the industry and comparable companies, and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Executive Directors' and key management personnel' or divisional CEOs' performance; and

   (iii) the remuneration package of employees related to Executive Directors and controlling shareholders are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The RC will seek independent expert advice inside and/or outside the Company on the remuneration of Executive Directors and key management personnel or divisional CEOs (those reporting directly to the Chairman or the Group Chief Executive Officer), and those employees related to the Executive Directors and controlling shareholders of the Group, if necessary. The Company has not engaged any remuneration consultants.

Guideline 7.3 of the Code: Access to expert advice

The RC will review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service and ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Guideline 7.4 of the Code: Termination clauses

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to success fully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Company advocates a performance based remuneration system for executive Directors and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus and participation in an employee share award or scheme based on the Company's performance, linking it to the individual's performance.

Guidelines 8.1 to 8.4 of the Code: RC to recommend remuneration of Directors and review remuneration of key executives

In determining such remuneration packages, the RC will ensure that they are adequate by considering, in consultation with the Chairman or the Group Chief Executive Officer amongst other things, the respective individuals' responsibilities, skills, expertise and contribution to the Company's performance, and whether they are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent, without being excessively generous.

At an Extraordinary General Meeting held on 28 April 2008, the shareholders of the Company had approved the adoption of the RSG Plan. Under the RSG Plan and any other share based schemes of the Company, the aggregate number of shares to be issued shall not exceed 15% of the total issued share capital, excluding treasury shares of the Company and will be in force for a maximum period of ten (10) years commencing 28 April 2008.

The award of shares under RSG Plan can be either performance-based awards or time based awards. For performance based awards, entitled participants will be allotted fully paid shares upon satisfactory achievement of pre-determined performance targets. As for time based awards, entitled participants will be allotted fully paid shares upon satisfactory completion of time based service conditions, that is, after the participant has served the Company or as the case may be, the relevant associated company, for a specified duration, as may be determined by the RC.

The adoption of RSG Plan is consistent with the continuing efforts of the existing Scheme in rewarding, retaining and motivating employees to achieve superior performance standards while affording the Company greater flexibility to align the interests of employees with those of the shareholders. To date, the Company has issued 3,829,846 shares under its RSG Plan.

The Company has proposed (a) the adoption of a new Restricted Share Grant Plan and (b) the adoption of a new Employees' Share Option Scheme to be tabled at the forthcoming 2017 AGM for Shareholders' approval.

The RC has adopted a framework which consists of a base fee to remunerate Non-Executive Directors based on their appointments and roles in the respective Board Committees, as well as the fees paid in comparable companies. Fees for the Non-Executive Directors will be tabled at the forthcoming 2017 AGM for Shareholders' approval.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration for the year ended 31 December 2017 is set out below:

Guidelines 9.1 to 9.6 of the Code: Remuneration of Directors, key management personnel and related employees

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name of Director	Salary[1] %	Bonus / Profit-Sharing %	Share-based Compensation %	Benefits-In-Kind %	Directors' Fees[4] %	Total %
S$500,000 to below S$750,000						
Dr George Quek Meng Tong	90	6	–	4	–	100
S$250,000 to below S$500,000						
Ms Katherine Lee Lih Leng	77	23	–	–	–	100
Below S$250,000						
Mr Oh Eng Lock [2]	100	–	–	N.M	–	100
Mr Ong Kian Min	–	–	–	–	100	100
Mr Chan Soo Sen	–	–	–	–	100	100
Dr Tan Khee Giap	–	–	–	–	100	100
Mr Paul Charles Kenny	–	–	–	–	–	–

Name of Key Management Personnel (who are not Directors)	Designation	Salary [1] %	Bonus / Profit-Sharing %	Share-based Compensation %	Benefits-In-Kind %	Total %
S$1,000,000 to below S$1,250,000						
Mr Chu Heng Hwee [3]	Group CEO	67	28	5	–	100
Mr Oh Eng Lock [2]	Group CEO	20	80	–	–	100
S$750,000 to below S$1,000,000						
Mr Cheng William	CEO, Restaurant Division	31	64	5	–	100
Mr Tan Aik Peng	CEO, Bakery Division	48	52	–	–	100
S$250,000 to below S$500,000						
Mr Chan Ying Jian	Group CFO	73	27	–	N.M.	100
Mr Jenson Ong Chin Hock	CEO, Food Atrium Division	94	6	–	–	100
Mr Frankie Quek Swee Heng [5]	Head, Real Estate	82	17	1	–	100

Notes:

(1) Salary is inclusive of fixed allowance and CPF contribution.

(2) Mr Oh Eng Lock resigned as the Group Chief Executive Officer and was appointed as the Executive Director on 30 June 2017 and 1 August 2017 respectively.

(3) Mr Chu Heng Hwee was appointed as the Group Chief Executive Officer on 1 July 2017.

(4) Directors' fees will be paid after approval is obtained from Shareholders at the forthcoming 2017 AGM.

(5) Mr Frankie Quek Swee Heng is the brother of Dr George Quek Meng Tong and was re-designated from CEO, ASEAN Region to Head, Real Estate on 1 July 2017.

The total remuneration of each Director and key management personnel has not been disclosed in dollar terms given the sensitivity of remuneration matters and to maintain the confidentiality of the remuneration packages of these Directors.

The total remuneration of the top five key executives (who are not directors or the CEO) is S$2,986,609 for the financial year ended 31 December 2017.

There were no terminations, retirement or post-employment benefits granted to Directors, the CEO and key management personnel other than the standard contractual notice period termination payment in lieu of service for the financial year ended 31 December 2017.

Immediate Family Member of Directors or Substantial Shareholders

Mr Frankie Quek Swee Heng is the brother of Dr George Quek Meng Tong and whose remuneration exceeds S$50,000 in the financial year ended 31 December 2017. The basis for determining the compensation of our related employees is the same as the basis of determining the compensation of other unrelated employees.

Details of remuneration paid to the immediate family member of Directors or substantial shareholders for the financial year ended 31 December 2017 is set out below:

Name of Immediate Family Member	Salary	Bonus / Profit-Sharing	Share-based Compensation	Benefits-In-Kind	Total
	%	%	%	%	%
S$350,000 to below S$400,000					
Mr Frankie Quek Swee Heng	82	17	1	–	100

Save as disclosed, no other employee whose remuneration exceeded S$50,000 during the year is an immediate family member of any of the members of the Board.

C. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board has a responsibility to present a fair assessment of the Group's position, including the prospects of the Group in all announcements (including financial performance reports) made to the public via SGXNET and the annual report to shareholders, as required by the SGX-ST.

Guideline 10.1 of the Code: Board's responsibility to the public

The Board has also taken steps to ensure compliance with legislative and regulatory requirements. In line with the requirements under the rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Group CEO and Group CFO have provided assurance to the Board on the integrity of the Group's financial statements.

Guidelines 10.2 and 10.3 of the Code: Management's responsibility to the Board

To enable effective monitoring and decision-making by the Board, Management provides the Board with a continual flow of relevant information on a timely basis as well as quarterly management accounts of the Group. Particularly, prior to the release of quarterly and full year results to the public, Management will present the Group's financial performance together with explanatory details of its operations to the AC, which will review and recommend the same to the Board for approval and authorisation for the release of the results.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risk which the Board is willing to take in achieving its strategic objectives.

Guideline 11.1 and 11.4 of the Code: Board to determine the Company's levels of risk tolerance and risk policies and oversee the Company's risk management framework and policies

The Group has established a risk identification and management framework. With the said framework, the Group identifies key risks and undertakes appropriate measures to control and mitigate these risks. The ownership of these risks lies with the respective department and business unit heads with stewardship residing with the Board. Action plans to manage the risks are continually being monitored and refined by Management and the Board.

The Internal Auditors carry out internal audit on the system of internal controls based on the approved internal audit plan and reports the findings to the AC. The Group's External Auditors, Ernst & Young LLP have also carried out, in the course of their statutory audit, a review of the Group's material internal controls. Material non-compliance and internal control weaknesses and recommendations for improvements noted during their audit were reported to the AC. The AC has reviewed the effectiveness of the actions taken by the management on the recommendations made by the Internal and External Auditors in this respect.

Guideline 11.2 of the Code: Board to review adequacy of the financial, operational and compliance controls and risk management policies.

The Board has also received assurance from the Group CEO and the Group CFO that (i) the financial records have been properly maintained and the financial statements provide a true and fair view of the Company's operations and finances; and (ii) the Company risk management and internal control systems in place are effective.

Guideline 11.3 of the Code: Board to comment on the adequacy of internal controls

Based on the internal control established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, various Board committees and the Board. The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance, information technology and risk management system, were adequate and effective for the financial year ended 31 December 2017.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Guidelines 12.1, 12.2 and 12.9 of the Code: Board to establish AC and composition of AC

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the Board's established references and requirements. The financial statements, accounting policies and system of internal accounting controls are responsibilities that fall under the ambit of the AC. The AC has its set of written terms of reference defining its scope of authority and further details of its major functions are set out below and also in the Report of the Directors.

The AC comprises three (3) members who are all Independent Non-Executive Directors. The chairman of the AC is an Independent Non-Executive Director.

The members of the AC are:

Mr Ong Kian Min	–	Chairman
Mr Chan Soo Sen	–	Member
Dr Tan Khee Giap	–	Member

The members of the AC including the AC Chairman have recent and relevant expertise or experience in accounting and financial management, and are qualified to discharge the AC's responsibilities. The AC members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements. None of the members of the AC is a former partner or director of the Company's present auditors.

Guideline 12.3 of the Code: The AC's authority

In performing its functions, the AC confirms that it has explicit authority to investigate any matter within its terms of reference, has full access to and co-operation from the Management, and has been given full discretion to invite any Director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

Guideline 12.4 of the Code: Duties of the AC

The main functions of the AC are as follows:

1. Reviewing the audit plan of the Company's external auditors and adequacy of the system of internal accounting control;

2. Discussing and reviewing the external auditors' reports;

3. Reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's or Group's financial performance;

4. Reviewing and recommending the nomination of the external auditors for appointment or re-appointment;

5. Reviewing the Interested Person Transactions;

6. Reviewing the scope and results of the internal audit procedures;

7. Reviewing the internal audit programme and the adequacy and effectiveness of the Company's internal audit function, as well as to ensure co-ordination between the internal and external auditors and Management; and

8. Reviewing the remuneration packages of the employees who are related to the Directors or substantial Shareholders.

The AC held four (4) meetings during the financial year under review. It has reviewed the financial statements of the Group for the purpose of the first three (3) quarters and annual results release before they were submitted to the Board for approval. It has also met with the Company's internal and external auditors (without the presence of Management) to review their audit plans and results, and has separate and independent access to the auditors. The AC had reviewed the non-audit services provided by the external auditors, and is of the opinion that the provision of such services does not affect their independence. The aggregate amount of fees paid to the external auditors and a breakdown of fees paid in total for audit and non-audit services are set out on page 95 of this Annual Report.

Guidelines 12.5 and 12.6 of the Code: Meeting with auditors and review of their independence

The Group has complied with Rules 712 and Rules 715 or 716 of the Listing Manual issued by SGX-ST in relation to its auditors. As required by Rule 716 of the Listing Manual, the AC and the Board of the Company have satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the EA. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

Guideline 12.9 of the Code: No former partner or director of the Company's existing audit firm service on the AC.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on Key Audit Matters ("**KAM**").

The AC considered the KAM presented by the external auditors together with Management. The AC reviewed the KAM and concurred and agreed with the external auditors and Management on their assessment, judgements and estimates on the significant matter reported by the external auditors.

Where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any Singapore law, rule or regulation which has a material impact on the Company's operating results, the AC will commission and review the findings of internal investigations into the matters. Endorsed by the AC, the Company has in place a whistle-blowing framework ("**Policy**") which provides an avenue for employees of, as well as other external parties who have business relations with, the Group to have access to the AC chairman to raise concerns about improprieties and independent investigation of such matters by the AC. Details of the Policy are set out below.

Guidelines 12.7 and 12.8 of the Code: Whistle-blowing arrangements

<u>The Policy</u>

The Group maintains an independent, confidential channel through which both employees and external parties who have business relations with the Group and include, amongst others, customers, suppliers and contractors may, in good faith and without reprisal, raise concerns about suspected acts of misconduct or non-compliance to the AC, which oversees the Policy. The Group's ethos of sound corporate governance underlies the Group's whistle-blowing policy that aims to encourage the disclosure of inappropriate conduct, which in turn allows the Group to investigate and resolve them as required. The Policy undergoes annual review to ensure continual effectiveness, and may only be amended upon approval by the AC. Relevant information on this policy has been conveyed to all employees.

Reportable Conduct

Generally, the Policy covers questionable financial reporting or accounting practices, illegal or criminal acts and failures to comply with regulatory or legal obligations. Examples of reportable misconduct or non-compliance include, among others:

1. Use of funds for any illegal, improper or unethical purpose;

2. Tampering with, or destroying, any accounting or audit-related records in any medium or format except as otherwise permitted or required by the Group's records retention policy;

3. Fraud or deliberate errors in the preparation, evaluation, review or audit of the Group's financial statements, and/or recording and maintaining of financial records (such as overstating expense reports, preparing erroneous invoices, misstating inventory records or describing an expenditure as being made for one purpose when it was in fact for another);

4. Deficiencies in or non-compliance with the internal controls for example, circumventing review and approval processes;

5. Unsafe work practices; and/or

6. Concealing or attempting to conceal information related to any of the above.

However, the Policy is not intended to address issues such as personal grievances or feedback to improve policies or procedures, which are addressed through separate, existing measures. Non-reportable matters under this Policy include, among others:

1. Work scheduling, required hours of work, compensation of work and staff transfer;
2. Enforcement of existing Human Resource Policies and requirements; and/or
3. Theft and/or fraud by customers.

Functions and Procedure

While the AC is responsible for overseeing the Policy, it may where necessary delegate certain duties to appropriate parties, such as work involving administration or investigation. The AC chairman shall receive and conduct a preliminary review of complaints before escalating valid reports to the AC. A Complaints Register is maintained to record all complaints and remedial action taken, if any. The Complaints Register is also available for inspection upon request, subject to approval by the Chairman of the AC.

Parties who wish to report suspected acts of misconduct or non-compliance may submit reports directly to the AC chairman by way of email at whistleblow@breadtalk.com. A confidential email account has been set up for this purpose. The report must contain: the specific concern, reasons for this concern and the background/history of the concern, including relevant dates. The AC will review the complaint and may investigate it further and take appropriate action, unless it decides that no further action is required.

While the Group encourages whistleblowers to disclose their identities when submitting complaints, the Group shall endeavor to keep all identities confidential. However, this is subject to, among others, legal or regulatory requirements, court orders or directions for disclosure.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group has outsourced certain internal audit works to Foo Kon Tan Advisory Services Pte Ltd.

Guidelines 13.1 to 13.5 of the Code: IA to report to AC chairman

The Internal Auditors are guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC reviews the scope of the internal audit function, internal audit findings and the internal audit plan.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Company's businesses and assets while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the Internal Auditors is to assist the AC in ensuring that the controls are effective and functioning as intended to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function has adequate resources to perform its function effectively.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The AC approves the hiring, removal, evaluation and compensation of the internal auditor, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC reviews annually the adequacy and effectiveness of the internal audit function of the Company.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Guidelines 14.1 to 14.3 of the Code: Company to treat all shareholders fairly and equitably

Shareholders are informed of general meetings through the announcements released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint such number of proxies as required to vote on his/her behalf at the general meeting through proxy forms sent in advance. Shareholders are also informed on the procedures for the poll voting at the general meetings.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines 15.1 to 15.4 of the Code: Regular, effective and fair communications with shareholders

The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet and the Company corporate website. Where there is inadvertent disclosure made to a selected Group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:-

- Annual Report prepared and issued to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments, if any, and other disclosures required by the Companies Act, Chapter 50 and Singapore Financial Reporting Standards;

- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period; and

- Press releases on major developments of the Group.

Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("**EGM**"). The notice of AGM and EGM are also advertised in a national newspaper.

The Company's website at "http://www.breadtalk.com" at which shareholders can access financial information, corporation announcements, press releases, annual reports and profile of the Group.

Guidelines 15.1 of the Code: Effective investor relations policy

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company's investor relations (IR) team is led by the Group Chief Financial Officer who is responsible for integrating finance, accounting, corporate communications and legal compliance to enable effective communication between the Company and investors. The Company conducts briefings to present its financial results to the media and analysts. Outside of the financial announcement periods, when necessary and appropriate, the IR team will meet investors and analysts who wish to seek a better understanding of the Group's business and operations. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company from investors' views. For detailed IR events and calendar, please refer to page 31 of the Annual Report.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with an accompanying notice of AGM by post. The notice of AGM is also published in the newspaper within the mandatory period, the AGM of which is to be held within four months after the close of the financial year.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

The Board has recommended a final dividend and special dividend of 2.0 cents and 1.0 cents per share respectively for the financial year ended 31 December 2017 which is subject to the shareholders' approval at the forthcoming AGM of the Company.

Conduct of Shareholder Meeting

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guideline 16.3 of the Code: Chairman and external auditors present at general meetings

Notices of general meetings are despatched to shareholders, together with the annual report or circulars within the time notice period as prescribed by the regulations. At general meetings, shareholders are given opportunities to voice their views and direct their questions to Directors or Management regarding the Company. The Chairman of the Board, members of the AC, NC and RC are present and available to address questions at general meetings. The External Auditors are also present to assist the Board.

In preparation for the annual general meeting, shareholders are encouraged to refer to the SGX's investor guides, namely 'An Investor's Guide To Reading Annual Reports' and 'An Investor's Guide To Preparing For Annual General Meetings'. The guides, in both English and Chinese, are available at the SGX website via this link:

http://www.sgx.com/wps/wcm/connect/sgx_en/home/individual_investor/investor_guide

The Company has in place an investor relations programme to keep investors informed of material developments in the Company's business and affairs beyond that which is prescribed, but without prejudicing the business interests of the Company.

Guideline 16.1, 16.2 and 16.4 of the Code: Shareholders should be allowed to vote in absentia, avoid bundling of resolutions and limit on proxies.

The Company's Constitution does not restrict the number of proxies a shareholder can appoint to attend and vote on his/her behalf at all general meetings. There are separate resolutions at the general meetings for each distinct issue. The Board and Management are on hand at general meetings to address questions by shareholders.

Guideline 16.5 of the Code: Minutes of general meetings

Minutes of general meetings are prepared and made available to shareholders upon their requests by the Company Secretary.

Guideline 16.6 of the Code: All resolutions to vote by poll

The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adhere to the requirements of the Listing Manual of the SGX-ST and the Code, all resolutions at the Company's general meetings held on or after 1 August 2015, if any, are put to vote by poll. The detailed results of each resolution are announced via SGXNet after the general meetings. The Company had adopted electronic polling for the resolutions voted at the AGM held during the financial year ended 31 December 2017.

Dealing in Securities

The Company has adopted and implemented an Insider Trading (Prevention) Policy (the "**Policy**"). The Policy is to ensure that the Company's Directors, officers, employees of the Group as well as consultants or contractors to the Group (collectively the "**Covered Persons**") and immediate family members of the Covered Persons are aware of their legal obligations in relation to the dealing of securities in the Company. Covered Persons who are in possession of unpublished material price sensitive information and use such information for their own material gain in relation to those securities are committing an offence. The Company, while having provided the window periods for dealing in the Company's securities, has its own internal compliance code in providing guidance to its officers with regard to dealing in the Company's securities including reminders that the law on insider trading is applicable at all the times.

Before the close of each window period, every officer in the Company is reminded not to deal in the Company's securities on a short-term basis. Accordingly, the Company had complied with Rule 1207 (19) of the Listing Manual.

On 28 May 2009, a Disciplinary Committee (the "**DC**") was formed to conduct inquiry on possible breaches of the Policy. The role of the DC is to report its finding to the Board and make recommendation as to the penalty, if applicable. The Board will decide based on the DC's recommendation.

The DC comprises three (3) members, a majority of whom are Independent Non-Executive Directors. The chairman of the DC is an Independent Non-Executive Director.

The DC consists of:

Mr Ong Kian Min	–	Chairman
Dr George Quek Meng Tong	–	Member
Mr Chan Soo Sen	–	Member

Interested Person Transactions

When a potential conflict arises, the Directors concerned do not participate in discussions and refrain from exercising any influence over other members of the Board.

The AC has reviewed the Interested Person Transactions ("**IPTs**") entered into during the financial year by the Group and the aggregate value of IPTs entered during the financial year ended 31 December 2017 is as follows:

Name of Interested Person	Aggregate value (S$'000) of all IPTs during the financial year under review	Aggregate value of all IPTs conducted during the financial year under review under the shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)
(1) Sky One Art Investment Pte Ltd - Purchases of artwork	**292**	Not applicable – the Group does not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual
(2) Kung fu Kitchen - Food court rental income miscellaneous charges	**394**	

Material Contracts

Except as disclosed in IPTs above, there is no material contract or loan entered into by the Company or any of its subsidiaries involving interests of any Director or controlling shareholder during the financial year ended 31 December 2017.

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The directors are pleased to present their report to the members together with the audited consolidated financial statements of BreadTalk Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2017.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this report are:

Dr George Quek Meng Tong	(Chairman)
Katherine Lee Lih Leng	(Deputy Chairman)
Ong Kian Min	
Chan Soo Sen	
Dr Tan Khee Giap	
Paul Charles Kenny	
Oh Eng Lock	(Appointed on 1 August 2017)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Direct interest			Deemed interest		
Name of director	As at 1 January 2017 or date of appointment	As at 31 December 2017	As at 21 January 2018	As at 1 January 2017 or date of appointment	As at 31 December 2017	As at 21 January 2018
The Company *(Ordinary shares)*						
Dr George Quek Meng Tong	95,687,660	95,687,660	95,687,660	–	–	–
Katherine Lee Lih Leng	52,415,020	52,415,020	52,415,020	–	–	–
Ong Kian Min	120,000	120,000	120,000	–	–	–
Dr Tan Khee Giap	–	–	–	20,000	–	–
Oh Eng Lock	399,764	399,764	399,764	105,066	105,066	105,066

By virtue of Section 7 of the Companies Act, Chapter 50, Dr George Quek Meng Tong and Katherine Lee Lih Leng are deemed to be interested in the shares held by the Company in its subsidiaries.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

SHARE PLAN

The Company has a Restricted Share Grant Plan which are administered by the Remuneration Committee comprising three Directors namely Messrs Chan Soo Sen (Chairman), Ong Kian Min (Member) and Dr Tan Khee Giap (Member). Details of the Restricted Share Grant Plan is as follows:

The BreadTalk Restricted Share Grant Plan

The BreadTalk Restricted Share Grant Plan ("RSG Plan") was approved at an Extraordinary General Meeting held on 28 April 2008.

The RSG Plan is centred on the accomplishment of specific pre-determined performance objectives and service conditions, which is the prerequisite for the contingent award of fully paid Shares ("Award"). The reward structure allows the Company to target specific performance objectives and incentivise the Participants to put in their best efforts to achieve these targets.

SHARE PLAN (CONT'D)

Eligibility

The following persons shall be eligible to participate in the RSG Plan subject to the absolute discretion of the Remuneration Committee:

(i) Employees

Employees who are confirmed in their employment with the Company or any subsidiary, or employees of associated companies who hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and

(ii) Directors

Executive and non-executive directors of the Company and its subsidiaries, provided always that any of the aforesaid persons:

- have attained the age of twenty-one (21) years on or before the Award Date; and
- not undischarged bankrupts.

Controlling Shareholders and their Associates within the above categories are eligible to participate in the RSG Plan. Participation in the RSG Plan by Controlling Shareholders or their Associates must be approved by the independent shareholders. A separate resolution shall be passed for each such Participant and to approve the number of Shares to be awarded to the Participant and the terms of such Award.

There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or another company within the Group.

Size of RSG Plan

The aggregate number of Shares available to eligible Controlling Shareholders and their Associates under the RSG Plan shall not exceed twenty five per cent (25%) of the Shares available under the RSG Plan. In addition, the number of Shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent (10%) of the Shares available under the RSG Plan.

The aggregate number of Shares to be awarded pursuant to the RSG Plan when added to the number of Shares issued and issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total issued share capital excluding treasury shares of the Company on the day preceding the relevant Award Date.

Grant of RSG Plan

The grant of Awards under the RSG Plan may be made from time to time during the year when the RSG Plan is in force.

While Awards may be granted at any time in the year, it is anticipated that Awards under the RSG Plan would be made once a year, after the Company's annual general meeting. It will be administered by the Remuneration Committee.

SHARE PLAN (CONT'D)

Share Awards and Vesting

The final number of restricted shares awarded will depend on the achievement of pre-determined targets over a one year period. On meeting the performance conditions for the performance period, one-third of the restricted shares will vest. The balance will vest equally over the subsequent two years with fulfilment of service requirements.

The details of the restricted shares awarded under the RSG Plan since its commencement up to 31 December 2017 are as follows:

Name of Participant	Conditional restricted shares granted during the year	Aggregate conditional restricted shares awarded since commence-ment of the Plan (a)	Aggregate conditional restricted shares lapsed since commence-ment of the Plan (b)	Aggregate conditional restricted shares vested and released during the year	Aggregate conditional restricted shares vested and released since commence-ment of the Plan (c)	Aggregate conditional restricted shares outstanding at end of the year (a)-(b)-(c)
Directors of the Company						
Dr George Quek Meng Tong [1]	–	179,200	–	–	179,200	–
Katherine Lee Lih Leng [1]	–	154,000	–	–	154,000	–
Associate of a Controlling Shareholder						
Frankie Quek Swee Heng [2]	8,000	140,970	–	3,985	128,985	11,985
Participants who received 5% or more of the total grants available						
Chu Heng Hwee	173,000	348,000	65,010	50,000	109,990	173,000
Chan Ying Jian	37,000	37,000	–	–	–	37,000
Cheng William	45,000	416,622	–	31,641	346,911	69,711
Jenson Ong Chin Hock	21,000	87,600	–	–	66,600	21,000
Tan Aik Peng	28,000	28,000	–	–	–	28,000
Oh Eng Lock [3]	11,000	1,553,430	–	–	1,542,430	11,000
Other participants	37,000	1,495,580	166,920	35,480	1,301,730	26,930
	360,000	4,440,402	231,930	121,106	3,829,846	378,626

(1) Also a controlling shareholder of the Company

(2) Associate of Dr George Quek Meng Tong, a controlling shareholder of the Company

(3) This includes a total of 781,666 shares and 488,764 shares that were released via the issuance of treasury shares in relation to a sign-on bonus as well as award of service equity granted to Mr. Oh Eng Lock

With the Remuneration Committee's approval on the achievement of the performance targets for the performance period from FY2014 and FY2015, a total of 121,106 restricted shares were released via the issuance of treasury shares (FY2016: 74,910).

SHARE PLAN (CONT'D)

Audit Committee

The audit committee (AC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members, except for one where a member was absent. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Dr George Quek Meng Tong
Director

Katherine Lee Lih Leng
Director

Singapore
15 March 2018

Independent auditor's report to the members of BreadTalk Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of BreadTalk Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in the equity of the Company for the year ended on that date.

Basis for Opinion

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

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (cont'd)

(1) Impairment assessment of goodwill

As at 31 December 2017, goodwill is carried at $4,837,000 which represents 1.5% of the total non-current assets and 3% of total equity. We considered management's annual goodwill impairment assessment to be a key audit matter because the process is complex and requires management to exercise significant judgement about the future results of the Group's various businesses. As discussed in Note 12, the key assumptions used in the cash flow projections are budgeted gross margins, growth rates, pre-tax discount rates and cost of disposal. These assumptions could be affected by expected future market and economic conditions such as economic growth, expected inflation rates, demographic developments, revenue and margin development.

As disclosed in Note 12, the Group allocated goodwill to two cash-generating units ("CGU") - $1,268,000 to food court operations in Singapore and $3,569,000 to food court operations in Shanghai. Based on annual impairment testing, management assessed that no impairment was necessary for the current financial year.

Our audit procedures included, among others, assessing management's identification of the cash-generating-units and their carrying amounts. We tested the reasonableness of the assumptions used in the cash flow projections approved by the board of directors. We compared assumptions used by management in their cash flow projections to historic performance of the Group, and considered the viability of future plans, local economic development and industry outlook. We involved our internal specialists to assist us in evaluating the reasonableness of key assumptions such as pre-tax discount rates and growth rates given the complexity of the assessment. We evaluated management's analysis on the sensitivity of the goodwill amount to changes in the key assumptions.

We also assessed the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The note disclosures on goodwill, key assumptions and sensitivities are included in Note 12 to the financial statements.

(2) Impairment assessment of held-to-maturity investments

As at 31 December 2017, the Group's investments in junior bonds and debt securities classified as held-to-maturity investments amounted to $26,496,000 and $12,886,000 respectively, and interest receivables from these investments amounted to $439,000. The audit procedures over management's impairment tests on these investments were significant to our audit because the impairment assessment process was complex and involved significant management judgment. Management evaluated, among other factors, the default or significant delay in interest receipts, the probability of insolvency or significant financial difficulties of the issuers, and the value of the related secured properties held by the issuers. The related properties are commercial and retail properties in Singapore. Management has assessed that there is no objective evidence of impairment for these investments during the current financial year.

Our audit procedures included, among others, analyzing the ageing of interest receivables and assessing the financial position and performance of the issuers during the financial year. We obtained evidence of receipts of interest receivables subsequent to the financial year end from the issuers and also assessed the fair values of the related secured properties, if any, held by the issuers where the issuers had engaged external appraisers in the valuation. We assessed the adequacy of the disclosures relating to these investments. The related disclosures are made in Note 2.15, Note 2.16 and Note 13 to the financial statements.

(3) Impairment assessment of available-for-sale financial assets

As at 31 December 2017, the Group has investments in unquoted equity instruments classified as available for sale financial assets. These investments are held at cost of $45,372,000.

As these investments are unquoted with no market price readily available, significant management judgement is involved in the identification of any impairment indicators as well as the assessment of the recoverable value of these investments.

Key Audit Matters (cont'd)

(3) Impairment assessment of available-for-sale financial assets (cont'd)

Management takes into consideration the valuation of the underlying assets held by the investees when determining the recoverable value of the investments. Where fair values are not available from external appraisers, management benchmarks the value of the underlying assets to sale price of similar assets transacted in the open market and adjusted for differences in factors such as location, as well as evaluated the probability of insolvency or significant financial difficulties of the investees.

We verified the sales transacted in the open market of similar assets to published market prices and assessed the reasonableness of the adjustments made by management. We evaluated management's assessment on whether objective evidence of impairment existed as at year end for these investments. We also assessed the adequacy of the disclosures relating to these investments. The related disclosures are made in Note 2.15, Note 2.16 and Note 13 to the financial statements.

(4) Valuation of investment properties

As at 31 December 2017, the Group has investment properties amounting to $39,463,000 relating to office space in Shanghai, People's Republic of China and shophouse in Singapore as disclosed in Note 11. The Group also has 29% interest in Chijmes, an investment property held through an associate, Perennial (Chijmes) Pte Ltd. The carrying value of this investment property recorded by the associate amounted to $334,000,000 as at 31 December 2017.

The valuation of these investment properties is significant to our audit due to their magnitude and the complexity of the valuation models. The valuation is highly dependent on a range of estimates used by external appraisers. These estimates include, amongst others, rental value, vacancy rates, interest rates and maintenance status.

Management uses external appraisers to support its determination of the fair value of the investment properties annually. As part of our audit procedures, we have considered the objectivity, independence and expertise of the external appraisers. We involved our internal real estate and valuation specialists to assist us in evaluating the appropriateness of the valuation models, data and assumptions used by the management and the external appraisers in their valuation of the investment properties. We also assessed the adequacy of the disclosures relating to these investments. The related disclosures are made in Note 2.12, Note 11 and Note 34 to the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Philip Ling Soon Hwa.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

15 March 2018



Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 $'000	2016 $'000
Revenue	3	599,747	614,995
Cost of sales		(266,465)	(277,508)
Gross profit		333,282	337,487
Other operating income	4	33,178	29,540
Interest income	5	2,234	1,162
Distribution and selling expenses		(241,674)	(256,323)
Administrative expenses		(80,850)	(75,389)
Interest expense	5	(5,420)	(5,931)
Profit before tax and share of results of associates and joint ventures		40,750	30,546
Share of results of associates		(883)	(1,960)
Share of results of joint ventures		1,097	1,130
Profit before tax	6	40,964	29,716
Income tax expense	8	(11,047)	(12,119)
Profit for the year		29,917	17,597
Profit attributable to:			
Owners of the Company		21,848	11,436
Non-controlling interests		8,069	6,161
		29,917	17,597
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net gain on available-for-sale financial assets		15	–
Foreign currency translation		(1,656)	(594)
Other comprehensive income for the year, net of tax		(1,641)	(594)
Total comprehensive income for the year		28,276	17,003
Total comprehensive income attributable to:			
Owners of the Company		20,207	10,842
Non-controlling interests		8,069	6,161
		28,276	17,003
Earnings per share (cents)			
Basic	9	7.76	4.07
Diluted	9	7.75	4.06

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets
As at 31 December 2017

	Notes	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Property, plant and equipment	10	169,097	180,663	73,228	71,252
Investment properties	11	39,463	22,984	–	–
Intangible assets	12	6,089	6,433	–	–
Investment securities	13	72,068	72,878	–	825
Investment in subsidiaries	14	–	–	24,418	24,296
Investment in associates	15	26,682	27,033	–	–
Investment in joint ventures	16	10,040	8,234	–	–
Other receivables	18	1,107	1,413	–	–
Due from related corporations	19	–	–	30,692	26,768
Deferred tax assets	8	2,559	2,749	–	–
		327,105	322,387	128,338	123,141
Current assets					
Investment securities	13	12,886	17,222	–	–
Inventories	17	9,721	9,806	–	–
Trade and other receivables	18	57,543	57,472	2,417	4,269
Tax recoverable		280	–	–	–
Prepayments		6,771	4,824	92	123
Due from related corporations	19	1,128	1,094	105,149	61,885
Amounts due from non-controlling shareholders of subsidiaries (non-trade)	24	525	509	–	–
Cash and cash equivalents	20	141,245	120,589	1,278	8,486
		230,099	211,516	108,936	74,763
Current liabilities					
Trade and other payables	21	90,326	86,404	2,175	1,955
Other liabilities	22	78,710	69,612	7,588	3,971
Provision for reinstatement costs	23	15,846	14,417	27	27
Due to related corporations	19	3,881	3,903	57,787	30,674
Loan from a non-controlling shareholder of a subsidiary (non-trade)	24	200	200	–	–
Short-term loans	25	19,237	7,215	10,000	–
Current portion of long-term loans	26	37,864	24,238	4,122	4,122
Tax payable		10,660	9,854	565	551
		256,724	215,843	82,264	41,300
Net current (liabilities)/assets		(26,625)	(4,327)	26,672	33,463
Non-current liabilities					
Other liabilities	22	9,392	11,385	–	–
Notes payable	27	75,000	75,000	75,000	75,000
Loan from a non-controlling shareholder of a subsidiary (non-trade)	24	508	549	–	–
Long-term loans	26	50,533	74,857	35,676	39,798
Deferred tax liabilities	8	4,576	4,324	2,391	1,791
		140,009	166,115	113,067	116,589
Net assets		160,471	151,945	41,943	40,015
Equity attributable to owners of the Company					
Share capital	28	33,303	33,303	33,303	33,303
Treasury shares	28	(460)	(587)	(460)	(587)
Accumulated profits		98,933	93,966	8,332	6,779
Other reserves	29	3,216	5,328	768	520
		134,992	132,010	41,943	40,015
Non-controlling interests		25,479	19,935	–	–
Total Equity		160,471	151,945	41,943	40,015

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 December 2017

2017 Group	Attributable to owners of the company											
	Share capital $'000 (Note 28)	Treasury shares $'000 (Note 28)	Accumulated profits $'000	Statutory reserve fund $'000 (Note 29)	Translation reserve $'000 (Note 29)	Fair value adjustment reserve $'000 (Note 29)	Share based compensation reserve $'000 (Note 29)	Premium paid on acquisition of non-controlling interests $'000 (Note 29)	Capital reserve $'000 (Note 29)	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	33,303	(587)	93,966	2,954	3,295	–	343	(1,441)	177	132,010	19,935	151,945
Profit for the year	–	–	21,848	–	–	–	–	–	–	21,848	8,069	29,917
Other comprehensive income												
Net gain on fair value changes of available-for-sale financial assets	–	–	–	–	–	15	–	–	–	15	–	15
Foreign currency translation	–	–	–	–	(1,656)	–	–	–	–	(1,656)	–	(1,656)
Other comprehensive income for the year, net of tax	–	–	–	–	(1,656)	15	–	–	–	(1,641)	–	(1,641)
Total comprehensive income for the year	–	–	21,848	–	(1,656)	15	–	–	–	20,207	8,069	28,276
Contributions by and distributions to owners												
Share-based payments	–	–	–	–	–	–	375	–	–	375	–	375
Dividends paid (Note 37)	–	–	(16,881)	–	–	–	–	–	–	(16,881)	(3,444)	(20,325)
Treasury shares transferred on vesting of restricted share grant	–	127	–	–	–	–	(127)	–	–	–	–	–
Total contributions by and distributions to owners	–	127	(16,881)	–	–	–	248	–	–	(16,506)	(3,444)	(19,950)
Changes in ownership interests in a subsidiary												
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	–	(719)	–	(719)	719	–
Issuance of new shares to non-controlling interests	–	–	–	–	–	–	–	–	–	–	200	200
Total transactions with owners in their capacity as owners	–	–	–	–	–	–	–	(719)	–	(719)	919	200
At 31 December 2017	33,303	(460)	98,933	2,954	1,639	15	591	(2,160)	177	134,992	25,479	160,471

Statements of Changes in Equity

For the year ended 31 December 2017

2016 Group	Attributable to owners of the company										
	Share capital $'000 (Note 28)	Treasury shares $'000 (Note 28)	Accumulated profits $'000	Statutory reserve fund $'000 (Note 29)	Translation reserve $'000 (Note 29)	Share based compensation and other reserve $'000 (Note 29)	Premium paid on acquisition of non-controlling interests $'000 (Note 29)	Capital reserve $'000 (Note 29)	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016	33,303	(378)	90,545	2,954	3,889	260	(1,552)	177	129,198	17,226	146,424
Profit for the year	–	–	11,436	–	–	–	–	–	11,436	6,161	17,597
Other comprehensive income											
Foreign currency translation	–	–	–	–	(594)	–	–	–	(594)	–	(594)
Other comprehensive income for the year, net of tax	–	–	–	–	(594)	–	–	–	(594)	–	(594)
Total comprehensive income for the year	–	–	11,436	–	(594)	–	–	–	10,842	6,161	17,003
Contributions by and distributions to owners											
Share-based payments	–	–	–	–	–	164	–	–	164	–	164
Dividends paid (Note 37)	–	–	(8,015)	–	–	–	–	–	(8,015)	(1,640)	(9,655)
Treasury shares transferred on vesting of restricted share grant	–	81	–	–	–	(81)	–	–	–	–	–
Purchase of treasury shares	–	(830)	–	–	–	–	–	–	(830)	–	(830)
Treasury shares transferred as consideration in relation to the acquisition of non-controlling interests (Note 28)	–	540	–	–	–	–	–	–	540	–	540
Total contributions by and distributions to owners	–	(209)	(8,015)	–	–	83	–	–	(8,141)	(1,640)	(9,781)
Changes in ownership interests in a subsidiary											
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	111	–	111	(1,812)	(1,701)
Total transactions with owners in their capacity as owners	–	–	–	–	–	–	111	–	111	(1,812)	(1,701)
At 31 December 2016	33,303	(587)	93,966	2,954	3,295	343	(1,441)	177	132,010	19,935	151,945



Statements of Changes in Equity

For the year ended 31 December 2017

	Share capital	Treasury shares	Accumulated profits	Share based compensation reserve	Capital reserve	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
	(Note 28)	(Note 28)		(Note 29)	(Note 29)	
2017 Company						
1 January 2017	33,303	(587)	6,779	343	177	40,015
Profit for the year	–	–	18,434	–	–	18,434
Total comprehensive income for the year	–	–	18,434	–	–	18,434
Contributions by and distributions to owners						
Share-based payments	–	–	–	375	–	375
Treasury shares transferred on vesting of restricted share grant	–	127	–	(127)	–	–
Purchase of treasury shares	–	–	–	–	–	–
Dividends paid (Note 37)	–	–	(16,881)	–	–	(16,881)
Total transactions with owners in their capacity as owners	–	127	(16,881)	248	–	(16,506)
At 31 December 2017	33,303	(460)	8,332	591	177	41,943
2016 Company						
1 January 2016	33,303	(378)	5,375	260	177	38,737
Profit for the year	–	–	9,419	–	–	9,419
Total comprehensive income for the year	–	–	9,419	–	–	9,419
Contributions by and distributions to owners						
Share-based payments	–	–	–	164	–	164
Treasury shares transferred on vesting of restricted share grant	–	81	–	(81)	–	–
Purchase of treasury shares	–	(830)	–	–	–	(830)
Treasury shares transferred as consideration in relation to the acquisition of non-controlling interest (Note 28)	–	540	–	–	–	540
Dividends paid (Note 37)	–	–	(8,015)	–	–	(8,015)
Total transactions with owners in their capacity as owners	–	(209)	(8,015)	83	–	(8,141)
At 31 December 2016	33,303	(587)	6,779	343	177	40,015

The accompanying accounting policies and explanatory notes form an integral part of the financial statements



Consolidated Cash Flow Statement

For the year ended 31 December 2017

	Notes	2017	2016
		$'000	$'000
Cash flows from operating activities			
Profit before taxation		40,964	29,716
Adjustments for:			
Amortisation of intangible assets	12	437	514
Depreciation of property, plant and equipment	10	40,045	51,688
Gain on divestment of investment securities		(8,714)	(8,841)
Write back of provision for reinstatement cost	23	(82)	(292)
Impairment loss on investment securities	13	–	208
(Write back) / Impairment loss on plant and equipment	10	(438)	779
Impairment / (write back) of trade receivables	18	210	(181)
Impairment of other receivables	18	–	87
Impairment of investment in associates	15	1,800	–
Net fair value gains on investment property	11	(118)	(2)
Net (gain) / loss on disposal of property, plant and equipment		(2,331)	345
Write off of trade and other receivables		15	1,565
Interest expense	5	5,420	5,931
Interest income	5	(2,234)	(1,162)
Property, plant and equipment written off	10	2,569	2,691
Write off of intangible assets	12	–	320
Share based payment expenses		375	164
Share of results of associates		883	1,960
Share of results of joint ventures		(1,097)	(1,130)
Write-off of inventories	17	7	18
Allowance for inventory obsolescence	17	5	84
Dividend income from quoted investment equity		(57)	(36)
Unrealised exchange loss, net		1,179	2,687
Operating cash flows before working capital changes		78,838	87,113
(Increase)/decrease in:			
Inventories		73	(30)
Trade and other receivables		(426)	(1,944)
Prepayments		(1,947)	902
Amount due from associates (trade)		(3)	–
Amount due from joint ventures (trade)		411	(189)
Increase/(decrease) in:			
Trade and other payables		4,008	(5,704)
Other liabilities		6,879	11,158
Amount due to a joint venture (trade)		(159)	279
Cash flows generated from operations		87,674	91,585
Tax paid		(10,124)	(9,100)
Net cash flows from operating activities		77,550	82,485



Consolidated Cash Flow Statement

For the year ended 31 December 2017

	Notes	2017 $'000	2016 $'000
Cash flows from investing activities			
Interest income received		2,155	3,066
Purchase of property, plant and equipment	A	(30,166)	(31,935)
Additions to intangible assets	12	(109)	(375)
Cash paid for reinstatement cost	23	(927)	(2,339)
Proceeds from disposal of property, plant and equipment		3,361	30
Proceeds from divestment of investment securities		27,438	16,334
Amount due from joint ventures (non-trade)		(441)	140
Amount due to joint ventures (non-trade)		(103)	(59)
Amount due to an associate (non-trade)		240	(839)
Investment in associates	15	(2,273)	(2,769)
Investment in a joint venture	16	(1,005)	–
Purchase of investment securities	13	(12,886)	–
Purchase of investment property	11	(16,681)	–
Dividends received from a joint venture		348	363
Dividends received from an associate		–	98
Dividends received from quoted equity		57	36
Net cash flows used in investing activities		(30,992)	(18,249)
Cash flows from financing activities			
Interest paid		(5,420)	(5,931)
Dividends paid to shareholders of the Company	37	(16,881)	(8,015)
Dividends paid to non-controlling shareholders of a subsidiary		(3,444)	(1,640)
Purchase of treasury shares		–	(830)
Proceeds from long-term loans		13,500	3,602
Repayment of long-term loans		(24,126)	(67,839)
Proceeds from short-term loans		37,657	8,039
Repayment of short-term loans		(25,691)	(39,407)
Proceeds from notes payable		–	75,000
Loan due to a non-controlling shareholder		(41)	11
Acquisition of non-controlling interest	14	–	(1,163)
Net cash flows used in financing activities		(24,446)	(38,173)
Net increase in cash and cash equivalents		22,112	26,063
Effect of exchange rate changes on cash and cash equivalents		(1,456)	(370)
Cash and cash equivalents at the beginning of the year		120,589	94,896
Cash and cash equivalents at the end of the year	20	141,245	120,589

Note A. Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of $32,987,000 (2016: $32,023,000). The additions were by way of cash payments of $25,271,000 (2016: $25,038,000), increase in provision for reinstatement costs of $2,681,000 (2016: $2,090,000), amount payable to other creditors of $4,674,000 (2016: $4,760,000) and accruals for amounts payable of $361,000 (2016: $135,000).

Cash outflow for the year also include payments in respect of property, plant and equipment acquired in the previous years of $4,895,000 (2016: $6,897,000).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. GENERAL

1.1 Corporate information

BreadTalk Group Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at BreadTalk IHQ, 30 Tai Seng Street, #09-01 Singapore 534013.

The principal activity of the Company is that of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

Related corporations comprise companies within the BreadTalk Group Limited group of companies, and include associates and joint ventures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and fundamental accounting assumption

As at 31 December 2017, the Group's current liabilities exceeded their current assets by $26,625,000 (2016: $4,327,000). The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cash flows. In the opinion of the directors, the Group is able to continue as a going concern despite its net current liabilities position as the directors are of the view that the Group will be able to continue to generate net cash inflows from its operating activities for a period of 12 months from the date these financial statements were approved and to enable it to meet its financial obligations as and when they fall due. In addition, the Group has sufficient unutilised banking facilities available for future use should the need arise.

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

Convergence with International Financial Reporting Standards

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

The Group has performed a preliminary impact assessment of adopting the new financial reporting framework based on the currently available information. The assessment may be subject to changes arising from on-going analysis until the Group adopts the financial reporting framework in 2018. The Group expects that the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that as disclosed in Note 2.3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017, including the Amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Improvements to FRSs (December 2016 – Amendments to FRS 28: Measuring an Associate or Joint Venture at fair value)	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
FRS 116 Leases	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRS 115, FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group is in the business of manufacturing and retailing of bakery and confectionary products, and operators of restaurants and food courts. The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. The assessment may be subject to changes arising from on-going analysis until the Group adopts FRS 115 in 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

FRS 115 Revenue from Contracts with Customers (cont'd)

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients applicable for full retrospective approach under FRS 115 as listed below.

Transition

The following practical expedients are available when applying FRS 115 retrospectively.

- For completed contacts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.

- For completed contracts that have variable consideration, an entity may use the transaction price at the date of the contract completed rather than estimating the variable consideration amounts in the comparative reporting periods; and

- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

    - Identifying the satisfied and unsatisfied performance obligations;
    - Determining the transactions price; and
    - Allocating the transaction price to the satisfied and unsatisfied performance obligations.

- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognize that amount as revenue.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and will recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

(a) Classification and measurement

The Group expects to have mixed business model. The Group intends to hold its currently held-to-maturity debt instruments assets to collect contractual cash flows, and accordingly measured at amortised cost when it applies FRS 109. The Group does not expect any significant impact to arise from these changes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

FRS 109 Financial Instruments (cont'd)

(a) Classification and measurement (cont'd)

For equity securities, the Group will continue to measure its currently available-for-sale quoted equity securities at fair value though profit or loss (FVTPL).The Group does not expect any significant impact arising from these changes. In addition, the Group currently has two investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

(b) Impairment

FRS 109 requires the Group and the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group does not expect a material impact, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption. The Group expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortization, and gearing ratio.

2.4 Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements (cont'd)

Impairment of available-for-sale investments and held-to-maturity investments

The Group has investments in unquoted equity instruments classified as available for sale financial assets. These investments are held at cost of $45,372,000 as at 31 December 2017. The Group assesses whether there is an indication that available for sales investments may be impaired. The impairment assessment of these investments involved significant management assumptions since they are not quoted and no market price is readily available. In the assessment, the Group takes into consideration the valuation of the underlying assets held by the investees.

The Group records impairment charges on quoted available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

The Group has investments in junior bonds and debts securities classified as held-to-maturity investments amounted to $26,496,000 and $12,886,000 respectively, and interest receivables from these investments amounted to $439,000 as at 31 December 2017. The Group assesses whether there is an indication that held-to-maturity investments may be impaired. In the assessment, the Group evaluates, among other factors, the default or significant delay in interest receipts, the probability of insolvency or significant financial difficulties of the issuers, and the value of the related secured properties held by the issuers.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss.

For the property located in Shanghai, the Group engaged a real estate valuation expert to assess fair value as at 31 December 2017. The fair value of investment property is determined by the independent real estate valuation expert using a recognised valuation technique. The technique used is the direct comparable approach. The key assumptions used to determine the fair value of this investment property and sensitivity analysis are provided in Note 34.

The Group has not performed any valuation for the property located in Singapore as at 31 December 2017 as the acquisition date is a few days before the year end, and therefore management has assessed that the purchase cost approximates the fair value.

The carrying amounts of the investment properties carried at fair value as at 31 December 2017 are $39,463,000 (2016: $22,984,000).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements (cont'd)

Impairment assessment of goodwill

As disclosed in Note 12 to the financial statements, the recoverable amounts of the cash-generating units which goodwill have been allocated to are determined based on fair value less cost of disposal calculations. The fair value less cost of disposal calculations are based on discounted cash flow models, less cost of disposal. The recoverable amounts are most sensitive to the discount rates used in the discounted cash flow models as well as the expected future cash inflows and the growth rates used for extrapolation purposes. The key assumptions applied in the determination of the fair value less cost of disposal including a sensitivity analysis, are disclosed and further explained in Note 12 to the financial statements. The carrying amount of the goodwill as at 31 December 2017 is $4,837,000 (2016: $4,837,000).

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating units may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.7 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

2.8 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Joint arrangements (cont'd)

(a) Joint operations

The Group recognises in relation to its interest in a joint operation,

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output by the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.10.

2.10 Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Associates and joint ventures (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold property	–	20 - 53 years
Leasehold land	–	50 years
Machinery and equipment	–	5 - 20 years
Electrical works	–	5 - 6 years
Furniture and fittings	–	5 - 6 years
Office equipment	–	3 - 6 years
Renovation	–	2 - 6 years
Motor vehicles	–	5 - 6 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Property, plant and equipment (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.12 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gain or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.13 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Intangible assets (cont'd)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(a) Trade mark

Costs relating to trade mark are capitalised and amortised on a straight-line basis over its estimated finite useful life of 5 to 10 years.

(b) Franchise rights

Costs relating to master franchise fees paid are capitalised and amortised on a straight-line basis over the lease/franchise period ranging from 4 to 20 years.

Costs relating to territory reservation fees are capitalised and amortised on a straight line basis over the useful life of 6 years.

(c) Location premium

Consideration paid to previous tenants to vacate premises in order to secure the lease arrangement are amortised on a straight-line basis over the new lease agreement period of 4 years.

(d) Brand value

Brand value was acquired through a business combination. The useful life of the brand is assessed to be finite and estimated to be 15 years because this is the length of time that the management expects the economic benefits of the brand to flow to the Group.

Brand value is amortised on a straight-line basis over its estimated economic useful life.

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments

(a) **Financial assets**

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.16 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Impairment of financial assets (cont'd)

(a) **Financial assets carried at amortised cost (cont'd)**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) **Financial assets carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) **Available-for-sale financial assets**

In the case of equity instruments classified as available-for sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and unpledged short-term fixed deposits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Inventories

Inventories comprise raw materials, consumables, semi-finished goods, finished goods and base inventories.

Inventories are valued at the lower of cost and net realisable value. Costs comprise purchase costs accounted for on a weighted average cost basis. In the case of semi-finished goods, costs also include an appropriate share of production overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(g). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related services are performed.

Singapore

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. The Group makes monthly contributions based on stipulated contribution rates.

People's Republic of China ("PRC")

Subsidiaries incorporated and operating in the PRC are required to provide certain staff pension benefits to their employees under existing PRC regulations. Contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' PRC employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Employee benefits (cont'd)

(a) Defined contribution plans (cont'd)

Hong Kong

Subsidiaries incorporated and operating in Hong Kong pay contributions to publicly or privately administered pension insurance plans on a mandatory basis. The subsidiaries have no further payment obligations once the contributions have been paid. The contributions are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

(c) The BreadTalk Restricted Share Grant Plan ("RSG Plan")

Employees receive remuneration under the RSG Plan in the form of fully-paid shares ("Awards") of the Company as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the Awards at the date on which the Awards are granted. The fair value is estimated based on the market price of the shares on grant date less the present value of expected future dividends during the vesting period. The cumulative expense recognized at each reporting date until the vesting date reflects the Company's best estimate of the number of Awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

In the Company's separate financial statements, the fair value of the Awards granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Bakery sales, restaurant sales and sales to franchisee

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue (cont'd)

(b) Franchise income

Initial franchise income is recognised upon the grant of rights, completion of the designated phases of the franchise setup and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. Recurring franchise income is recognised on a periodic basis as a percentage of the franchisees' revenue in accordance with terms as stated in the franchise agreement.

(c) Food court revenue

Fixed rental income from the sub-lease of food courts is recognised as income in profit or loss on a straight-line basis over the lease term. The variable portion of the rental income which is computed based on a percentage of the food court tenants' gross sales is recognised when such sales are earned.

Revenue from the sale of food and beverage is recognised upon delivery and acceptance by customers, net of sale discounts.

(d) Management fee

Management fee is recognised on an accrual basis.

(e) Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectability is in doubt.

(f) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(g) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.25 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred income tax is recognised in profit or loss. Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.29 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. REVENUE

	Group	
	2017	2016
	$'000	$'000
Bakery sales	260,089	267,752
Restaurant sales	153,213	150,230
Sales to franchisee	21,676	25,841
Franchise income	15,423	13,271
Food court income	149,346	157,901
	599,747	614,995

4. OTHER OPERATING INCOME

	Group	
	2017	2016
	$'000	$'000
Management fee income	13,524	11,020
Income from mall operation	482	610
Government grant	1,713	2,508
Special Employment Credit [(1)]	453	333
Wage credit scheme [(2)]	739	1,698
Income recognised from unredeemed stored value cards [(3)]	711	1,518
Sponsorship income	540	403
Rental income	2,705	1,895
Gain on divestment of investment securities, net	8,714	8,841
Gain from fair value adjustment of investment properties (Note 11)	118	2
Write back of provision for reinstatement cost (Note 23)	82	292
Dividend received from quoted equity instruments	57	36
Gain on disposal of plant and equipment	2,331	–
Miscellaneous income	1,009	384
	33,178	29,540

(1) The Special Employment Credit ("SEC") was introduced as a budget initiative in the financial year 2011 and was further enhanced in financial year 2012 to cover a wider range of employees and enabling more employers to benefit from the Scheme. The enhanced Scheme is for 5 years but it has been extended for three years from 1 January 2017 to 31 December 2019.

Under the extended SEC, for each Singaporean employee who is aged 55 and above and who earns up to $4,000 per month, the Company will receive up to 8% Special Employment Credit based on that employee's salary and employee's age. The Scheme has two payouts in March and September.

(2) The Wage Credit Scheme ("WCS") was introduced as a budget initiative in 2013 to help businesses which may face rising wage costs in a tight labour market. The Government will co-fund 40% of wage increases to Singaporean employees earning a gross monthly wage of $4,000 for the financial years 2013 to 2015 and 20% co-funding in the financial years of 2016 and 2017.

(3) Income recognised from unredeemed stored value cards pertains to stored value cards issued in prior years with long periods of inactivity.

5. INTEREST INCOME AND INTEREST EXPENSE

	Group	
	2017 $'000	2016 $'000
Interest income from:		
– loans and receivables	437	169
– held-to-maturity financial assets	1,797	993
	2,234	1,162
Interest expense on:		
– term loans	(1,970)	(3,344)
– notes payable	(3,450)	(2,587)
	(5,420)	(5,931)

6. PROFIT BEFORE TAX

This is determined after charging the following:

	Group	
	2017 $'000	2016 $'000
Audit fees		
– auditor of the Company	311	311
– affiliates of auditor of the Company	214	214
– other auditors	159	172
	684	697
Non–audit fees to auditor of the Company:		
Recurring		
– tax returns compliance services	38	40
– sales certifications	18	18
	56	58
Non–recurring		
– tax advisory services	31	42
– transfer pricing tax advisory services	20	66
– sustainability reporting	58	50
– Agreed-upon-procedures for Medium Term Note Programme	8	–
	117	158
Non-audit fees to other auditors	79	77
Amortisation of intangible assets (Note 12)	437	514
Write off of intangible assets (Note 12)	–	320
Impairment/(write back) of loans and receivables		
– trade receivables (Note 18)	210	(181)
– other receivables (Note 18)	–	87
Write off of trade and other receivables	15	1,565
Directors' fees	180	173
Employee benefits (Note 7)	188,841	186,702
Operating lease expenses		
– fixed portion	125,443	133,225
– variable portion	11,174	12,584
Depreciation of property, plant and equipment (Note 10)	40,045	51,688
Property, plant and equipment written off (Note 10)	2,569	2,691
(Write back)/impairment loss on property, plant and equipment (Note 10)	(438)	779
Loss on disposal of plant and equipment	–	345
Write-off of inventories (Note 17)	7	18
Allowance for inventory obsolescence (Note 17)	5	84
Impairment loss on quoted equity instruments (Note 13)	–	208
Impairment loss on investment in associates (Note 15)	1,800	–

7. EMPLOYEE BENEFITS

	Group	
	2017	2016
	$'000	$'000
Salaries and bonuses	137,408	132,319
Central Provident Fund and other pension contributions	19,479	20,604
Sales incentives and commission	4,733	6,127
Other personnel benefits	27,221	27,652
	188,841	186,702

RSG Plan

Under the RSG Plan, directors and employees receive remuneration in the form of fully-paid shares of the Company as consideration for services rendered. Restricted shares are granted conditionally and the final number of restricted shares awarded will depend on the achievement of pre-determined targets over a one year period. On meeting the performance conditions for the performance period, one-third of the restricted shares will vest. The balance will vest equally over the subsequent two years with the fulfilment of service requirements.

The fair value of the restricted shares granted is estimated based on the market price of the shares on grant date less the present value of expected future dividends during the vesting period.

During the year, 360,000 restricted shares were granted (2016: 400,000). There are 378,626 restricted shares outstanding at year end (2016: 557,000 shares).

8. INCOME TAX EXPENSE

Major components of income tax expense were:

	Group	
	2017	2016
	$'000	$'000
Current tax		
- Current year	9,208	9,111
- Under / (over) provision in prior years	316	(15)
Deferred tax		
- Origination and reversal of temporary differences	513	1,710
- (Over) / under provision in prior years	(71)	367
Withholding tax	1,081	946
Taxation expense	11,047	12,119

8. INCOME TAX EXPENSE (CONT'D)

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the year ended 31 December is as follows:

	Group	
	2017	2016
	$'000	$'000
Profit before tax	40,964	29,716
Tax at the domestic rates applicable to profits in the countries where the Group operates [1]	6,591	5,025
Tax effect of:		
Expenses not deductible for tax purposes	3,212	3,825
Depreciation not deductible for tax purposes	1,612	1,601
Income not subject to taxation	(514)	(1,651)
Share of results of associates and joint ventures	356	141
Tax savings arising from development and expansion incentive [2]	(349)	(70)
Under / (over) provision in prior years		
- Current tax	316	(15)
- Deferred tax	(71)	367
Withholding tax expense	1,081	946
Effect of partial tax exemption and tax relief	(152)	(273)
Deferred tax assets not recognised	595	2,703
Benefits from previously unrecognised tax losses	(1,183)	–
Tax savings from enhanced deductions [3]	(537)	(552)
Others	90	72
Taxation expense	11,047	12,119

[1] This is prepared by aggregating separate reconciliations for each national jurisdiction.

[2] In February 2004, the Economic Development Board granted the Development and Expansion Incentive under the International Headquarters ("IHQ-DEI") Award to a subsidiary. Subject to certain conditions, the subsidiary enjoys a concessionary tax rate of 10% on its qualifying income for a period of 5 years commencing 1 January 2003. The subsidiary was granted extensions of the IHQ-DEI for 5 years each commencing 1 January 2008 and 1 January 2013.

[3] In 2010, the Minister for Finance of Singapore introduced a new broad-based tax scheme to encourage businesses to invest in productivity and innovation. The scheme enhances existing tax measures that encourage productivity and innovative activities and consolidates them into a single scheme, known as the Productivity and Innovation Credit Scheme ("PIC"). The PIC is available from Year of Assessment ("YA") 2011 to YA 2018.

8. INCOME TAX EXPENSE (CONT'D)

Deferred income tax as at 31 December relates to the following:

	Group			
	Balance sheet		Profit or loss	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Provisions	(1,116)	(955)	(161)	(99)
Differences in depreciation for tax purposes	(3,166)	(3,210)	44	(337)
Other items	(294)	(159)	(135)	54
	(4,576)	(4,324)		
Deferred tax assets:				
Provisions	639	484	155	(139)
Differences in depreciation for tax purposes	546	741	(195)	118
Unutilised capital allowances	447	705	(258)	(590)
Unutilised tax losses	–	–	–	(1,135)
Other items	927	819	108	51
	2,559	2,749		
Deferred income tax			(442)	(2,077)

	Company	
	Balance sheet	
	2017	2016
	$'000	$'000
Deferred tax liabilities:		
Differences in depreciation for tax purposes	(2,391)	(1,791)
	(2,391)	(1,791)

Deferred tax assets

No deferred tax assets were recognised in loss making entities during the year and 2016.

Unrecognised tax losses, capital allowances and other temporary differences

As at 31 December 2017, the Group has tax losses of approximately $36,320,000 (2016: $40,218,000), unutilised capital allowances of approximately $1,688,000 (2016: $328,000) and other temporary differences of approximately $5,281,000 (2016: $4,992,000) that are available for offset against future taxable profits, for which no deferred tax assets are recognised on these amounts due to uncertainty of their utilisation. The comparative unrecognised tax loss figures have been adjusted based on the latest tax submissions and finalisation of certain years of tax assessments.

The utilisation of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. As at 31 December 2017, $34,756,000 (2016: $38,735,000) of the unrecognised tax losses will expire between 1 and 5 years.

8. INCOME TAX EXPENSE (CONT'D)

Unrecognised temporary differences relating to investments in subsidiaries

At the balance sheet date, no deferred tax liability (2016: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $36,844,000 (2016: $33,966,000). The deferred tax liability is estimated to be $1,842,000 (2016: $1,698,000).

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 37).

9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

These profit and share data are presented in the table below:

	Group	
	2017	2016
	$'000	$'000
Profit for the year attributable to owners of the Company	21,848	11,436

	Group	
	2017	2016
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation *	281,395	281,300
Effects of dilution:		
– Restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan"	446	112
Weighted average number of ordinary shares for diluted earnings per share computation *	281,841	281,412

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property	Leasehold land	Machinery and equipment	Electrical works	Furniture and fittings	Office equipment
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
As at 1.1.2016	56,209	21,454	54,234	57,814	57,332	12,502
Additions	8	–	4,265	4,127	6,960	1,740
Reclassifications	–	–	143	612	–	3
Write offs	–	–	(3,300)	(2,299)	(3,530)	(557)
Disposals	(510)	–	(213)	(33)	(236)	(13)
Translation difference	(145)	58	(391)	128	410	(36)
As at 31.12.2016 and 1.1.2017	55,562	21,512	54,738	60,349	60,936	13,639
Additions	–	154	4,123	4,305	9,759	1,749
Reclassifications	–	–	–	3	114	–
Write offs	–	–	(9,232)	(9,510)	(7,554)	(1,323)
Disposals	(1,111)	–	(527)	(116)	(166)	(7)
Translation difference	(74)	(230)	(514)	(834)	(1,480)	(134)
As at 31.12.2017	54,377	21,436	48,588	54,197	61,609	13,924
Accumulated depreciation and impairment losses						
As at 1.1.2016	4,168	1,072	30,831	35,142	36,575	9,115
Charge for the year	1,137	408	6,001	8,124	8,283	1,879
Reclassifications	–	–	(30)	52	47	(51)
Write offs	–	–	(2,413)	(2,005)	(3,120)	(388)
Disposals	(271)	–	(107)	(23)	(219)	(10)
Impairment loss	–	–	1	257	395	–
Translation difference	(73)	9	(167)	125	385	(20)
As at 31.12.2016 and 1.1.2017	4,961	1,489	34,116	41,672	42,346	10,525
Charge for the year	1,061	410	5,595	7,041	7,211	1,477
Write offs	–	–	(8,665)	(9,028)	(6,890)	(1,275)
Disposals	(604)	–	(426)	(66)	(94)	(2)
Impairment loss write back	–	–	(33)	(154)	(131)	–
Translation difference	(26)	(31)	(351)	(645)	(1,162)	(116)
As at 31.12.2017	5,392	1,868	30,236	38,820	41,280	10,609
Net carrying amount						
As at 31.12.2016	50,601	20,023	20,622	18,677	18,590	3,114
As at 31.12.2017	48,985	19,568	18,352	15,377	20,329	3,315

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Renovation [1]	Motor vehicles	Construction -in-progress	Total
	$'000	$'000	$'000	$'000
Group				
Cost				
As at 1.1.2016	142,421	2,304	4,031	408,301
Additions	12,407	195	2,321	32,023
Reclassifications	1,589	–	(2,347)	–
Write offs	(15,550)	–	(1)	(25,237)
Disposals	(70)	–	–	(1,075)
Translation difference	(2,450)	(22)	(162)	(2,610)
As at 31.12.2016 and 1.1.2017	138,347	2,477	3,842	411,402
Additions	11,144	115	1,638	32,987
Reclassifications	324	–	(441)	–
Write offs	(17,470)	(56)	–	(45,145)
Disposals	(1,130)	(46)	–	(3,103)
Translation difference	(1,080)	(43)	(47)	(4,436)
As at 31.12.2017	130,135	2,447	4,992	391,705
Accumulated depreciation and impairment losses				
As at 1.1.2016	84,469	1,233	–	202,605
Charge for the year	25,507	349	–	51,688
Reclassifications	(18)	–	–	–
Write offs	(14,620)	–	–	(22,546)
Disposals	(70)	–	–	(700)
Impairment loss	126	–	–	779
Translation difference	(1,334)	(12)	–	(1,087)
As at 31.12.2016 and 1.1.2017	94,060	1,570	–	230,739
Charge for the year	16,884	366	–	40,045
Write offs	(16,667)	(51)	–	(42,576)
Disposals	(835)	(46)	–	(2,073)
Impairment loss write back	(120)	–		(438)
Translation difference	(727)	(31)	–	(3,089)
As at 31.12.2017	92,595	1,808	–	222,608
Net carrying amount				
As at 31.12.2016	44,287	907	3,842	180,663
As at 31.12.2017	37,540	639	4,992	169,097

[1] Additions to renovation during the year include provision for reinstatement costs of $2,681,000 (2016: $2,090,000).

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets written off

Property, plant and equipment written off during the year arose mainly due to the refurbishment/closure of certain bakery outlets and food courts. The amount written off represents the total carrying value of the property, plant and equipment attributable to the bakery outlets and food courts at the date of refurbishment/closure.

Assets pledged as security

The Group has the following assets pledged to secure the Group's bank loans (Note 26).

	Group and Company	
	2017	2016
	$'000	$'000
Leasehold land	17,404	17,584
Leasehold property	47,925	48,845
	65,329	66,429

Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of the plant and equipment in the outlets of its bakery, restaurant, food court and 4orth segments. A write-back of impairment of $438,000 (2016: impairment loss of $779,000), representing the write-back of these plant and equipment to the recoverable amount was recognised in "Administrative expenses" line item of profit or loss for the financial year ended 31 December 2017.

Capitalisation of borrowing costs

The Group's leasehold property includes borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of leasehold property. The borrowing costs capitalised as cost of property, plant and equipment amounted to $145,000 (2016: $145,000).

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold property	Leasehold land	Machinery and equipment	Electrical works	Furniture and fittings
	$'000	$'000	$'000	$'000	$'000
Group					
Cost					
As at 1.1.2016	52,064	18,731	340	2,175	1,205
Additions	8	–	44	69	1,820
As at 31.12.2016 and 1.1.2017	52,072	18,731	384	2,244	3,025
Additions	–	154	112	47	5,088
As at 31.12.2017	52,072	18,885	496	2,291	8,113
Accumulated depreciation					
As at 1.1.2016	2,307	816	163	1,029	543
Charge for the year	920	331	71	436	400
As at 31.12.2016 and 1.1.2017	3,227	1,147	234	1,465	943
Charge for the year	920	334	92	446	881
As at 31.12.2017	4,147	1,481	326	1,911	1,824
Net carrying amount					
As at 31.12.2016	48,845	17,584	150	779	2,082
As at 31.12.2017	47,925	17,404	170	380	6,289

	Office equipment	Renovation	Total
	$'000	$'000	$'000
Company			
Cost			
As at 1.1.2016	1,796	4,681	80,992
Additions	127	102	2,170
As at 31.12.2016 and 1.1.2017	1,923	4,783	83,162
Additions	234	189	5,824
As at 31.12.2017	2,157	4,972	88,986
Accumulated depreciation			
As at 1.1.2016	1,269	2,272	8,399
Charge for the year	404	949	3,511
As at 31.12.2016 and 1.1.2017	1,673	3,221	11,910
Charge for the year	199	976	3,848
As at 31.12.2017	1,872	4,197	15,758
Net carrying amount			
As at 31.12.2016	250	1,562	71,252
As at 31.12.2017	285	775	73,228

11. INVESTMENT PROPERTIES

	Group	
	2017	2016
	$'000	$'000
Balance sheet:		
At 1 January	22,984	24,053
Additions	16,681	–
Net gains from fair value adjustments recognised in profit or loss (Note 4)	118	2
Exchange differences	(320)	(1,071)
At 31 December	39,463	22,984

The investment properties held by the Group as at 31 December is as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
18 units office space located in Xuhui district, Shanghai, The Peoples' Republic of China	**Offices**	**Leasehold**	**44 years**
2 level shop house located in Holland Village, Lorong Mambong, Singapore	**Restaurant and Gymnasium**	**Freehold**	**N.A.**

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment property located in Shanghai is stated at fair value, which has been determined based on valuations performed as at 31 December 2017 and 31 December 2016. The valuations were performed by上海沪港房地产估价有限公司, an independent real estate valuation expert with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. Details of the valuation technique and inputs used are disclosed in Note 34.

The Group has not performed any valuation for the property located in Singapore as at 31 December 2017 as the acquisition date is a few days before the year end, and therefore management has assessed that the purchase cost approximates the fair value.

12. INTANGIBLE ASSETS

	Group					
	Goodwill	Brand value	Trade mark	Franchise rights	Location premium	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
As at 1.1.2016	6,173	3,209	1,890	1,744	474	13,490
Additions	–	–	333	42	–	375
Write off	–	–	(349)	–	–	(349)
Translation difference	–	–	(19)	20	–	1
As at 31.12.2016 and 1.1.2017	6,173	3,209	1,855	1,806	474	13,517
Additions	–	–	25	84	–	109
Write off	–	–	–	(54)	–	(54)
Translation difference	–	–	(8)	(11)	–	(19)
As at 31.12.2017	6,173	3,209	1,872	1,825	474	13,553
Accumulated amortisation and impairment losses						
As at 1.1.2016	1,336	2,356	1,036	1,385	474	6,587
Amortisation	–	213	146	155	–	514
Write off	–	–	(29)	–	–	(29)
Translation difference	–	–	(5)	17	–	12
As at 31.12.2016 and 1.1.2017	1,336	2,569	1,148	1,557	474	7,084
Amortisation	–	213	141	83	–	437
Write off	–	–	–	(54)	–	(54)
Translation difference	–	–	(2)	(1)	–	(3)
As at 31.12.2017	1,336	2,782	1,287	1,585	474	7,464
Net carrying amount						
As at 31.12.2016	4,837	640	707	249	–	6,433
As at 31.12.2017	4,837	427	585	240	–	6,089

Brand value, trademark, franchise rights and location premium are determined to have finite useful lives and are amortised on a straight-line basis over their respective estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. Brand value, trademark and franchise rights have remaining useful lives of 2 years (2016: 3 years), 1 to 10 years (2016: 1 to 10 years) and 1 to 6 years (2016: 1 to 6 years) as at 31 December 2017 respectively.

Amortisation expense is included in "Administrative expenses" in profit or loss.

12. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill

Goodwill arising from the acquisition of Topwin Investment Holding Pte Ltd and its subsidiaries in the financial year ended 31 December 2005 was primarily attributable to the food court operations in Shanghai.

Goodwill on the acquisition of MWA Pte Ltd in December 2007 was primarily attributable to the food court operations in Singapore.

The food courts located in the same geographical segment are managed by the same management team.

The carrying amounts of goodwill allocated to each cash generating unit ("CGU") are as follows:

	Carrying amount as at 31.12.17	Carrying amount as at 31.12.16	Pre-tax discount rate 2017	Pre-tax discount rate 2016
	$'000	$'000		
Food court operations in:				
– Shanghai	3,569	3,569	13.5%	12.0%
– Singapore	1,268	1,268	10.0%	10.0%
	4,837	4,837		

The recoverable amount is determined based on a fair value less costs of disposal calculation using the cash flow projections based on financial budgets approved by management covering a three-year period, less costs of disposal. The discount rates applied to the cash flow projections are derived from cost of capital plus a reasonable risk premium at the date of assessment of the respective cash generating units.

As the fair value measurement uses unobservable inputs, it is categorised as level 3 under the fair value hierarchy.

Key assumptions used in the fair value less costs of disposal calculations

The calculations of fair value less cost of disposal for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on budgets approved by management.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industry relevant to the CGUs.

12. INTANGIBLE ASSETS (CONT'D)

Key assumptions used in the fair value less costs of disposal calculations (cont'd)

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its cash-generating units and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment–specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Costs of disposal – Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash generating unit, excluding finance costs and income tax expense.

Sensitivity to changes in assumptions

With regards to the assessment of fair value less costs of disposal for Singapore and Shanghai segments, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

13. INVESTMENT SECURITIES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current:				
Available-for-sale financial assets				
– Equity instruments (unquoted), at cost	–	18	–	–
– Redeemable preference shares (unquoted), at cost	–	5,067	–	–
	–	5,085	–	–
Held-to-maturity investments				
– Debt securities (quoted)	12,886	–	–	–
– 5% SGD junior bonds (unquoted)	–	12,137	–	–
	12,886	12,137	–	–
Total	12,886	17,222	–	–
Non-Current:				
Available-for-sale financial assets				
– Equity instruments (quoted), at fair value	200	1,010	–	825
– Equity instruments (unquoted), at cost	45,372	45,372	–	–
	45,572	46,382	–	825
Held-to-maturity investments				
– 3% SGD junior bonds due on 20 January 2020 (unquoted)	18,000	18,000	–	–
– 10% SGD junior bonds due on 24 April 2025 (unquoted)	8,496	8,496	–	–
	26,496	26,496	–	–
Total	72,068	72,878	–	825

13. INVESTMENT SECURITIES (CONT'D)

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current and Non-current				
Available-for-sale financial assets (unquoted)	45,372	50,457	–	–
Available-for-sale financial assets (quoted)	200	1,010	–	825
Held-to-maturity investments (quoted)	12,886	–	–	–
Held-to-maturity investments (unquoted)	26,496	38,633	–	–
Total	84,954	90,100	–	825

3% SGD junior bonds

On 10 February 2012, Imagine Properties Pte Ltd ("IPPL") had completed the subscription of $18,000,000 in principal amount of junior bonds and was issued 72 ordinary shares of $1.00 per ordinary share in the share capital of Perennial (Chijmes) Pte Ltd ("PCPL"). IPPL's investment in ordinary shares of PCPL is classified as an investment in associate (Note 15).

The junior bonds mature on 20 January 2020 and bear interest semi-annually in arrears, at minimum 3% per annum from 1 January 2013.

10% SGD junior bonds

On 24 April 2015, IPPL had completed the subscription of $8,496,000 in principal amount of junior bonds and was issued 8,496 ordinary shares of $1,280 per share (aggregate issue price of $10,874,880) in the share capital of Perennial 8 Shenton Investors Pte Ltd ("P8SIPL").

The junior bonds mature on 2025 and bear interest semi-annually in arrears, at maximum 10% per annum from 24 April 2016.

Equity instruments (unquoted)

On 30 September 2012, IPPL together with a consortium of investors, entered into a joint venture agreement to invest in Perennial Tongzhou Development Pte Ltd ("PTD") for the subscription of ordinary shares of PTD. IPPL's subscription of 20,130 ordinary shares for a cash consideration of $20,130,000 represents a 5.27% equity interest in PTD. On 12 March 2014, the shareholders of PTD agreed to an additional capital injection in PTD, of which IPPL's proportionate share of the capital call was $347,000. 347,000 shares was allotted to IPPL on 14 March 2014.

On 15 April 2013, IPPL together with a consortium of investors, entered into a joint venture agreement to invest in Perennial Tongzhou Holdings Pte Ltd ("PTHD") for the subscription of ordinary shares of PTHD. IPPL's subscription of 14,520 ordinary shares for a cash consideration of $14,520,000 represents a 5.86% equity interest in PTHD.

13. INVESTMENT SECURITIES (CONT'D)

Debt securities

During the financial year, a subsidiary, BTG Vault Pte Ltd ("BTGV") purchased leveraged credit linked investment products through a reputable bank in Singapore. The investments will yield periodic interest income at a net effective interest rate between 7.1% and 8.7% per annum and will mature between July 2018 and December 2018.

Investments pledged as security

The Group's investments in unquoted equity instruments of $25,242,000 (2016: $25,260,000) and junior bonds of $26,496,000 (2016: $38,633,000) have been pledged as security for bank loans (Note 26).

Impairment losses

During the financial year, there was no impairment loss recognised (2016: $208,000) in respect of quoted equity instruments.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Unquoted equity shares at cost	28,864	28,864
Capital contributions in the form of share options issued to employees of subsidiaries	858	736
Impairment losses:		
– Unquoted shares	(5,304)	(5,304)
	24,418	24,296

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Group has the following investment in subsidiaries:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
Held by the Company				
BreadTalk Pte Ltd [1]	Singapore	Bakers and manufacturers of and dealers in bread, flour and biscuits	100	100
Together Inc. Pte Ltd [3]	Singapore	Investment holding	100	100
BreadTalk International Pte Ltd [3]	Singapore	Investment holding	100	100
Topwin Investment Holding Pte Ltd [3]	Singapore	Investment holding	100	100
Star Food Pte Ltd [3]	Singapore	Investment holding	100	100
Imagine IHQ Pte Ltd [3]	Singapore	Investment holding	100	100
Imagine Properties Pte Ltd [1]	Singapore	Investment holding	100	100
BTG Vault Pte.Ltd. [3]	Singapore	Acquiring and holding of intellectual property rights	100	100
Held through BreadTalk Pte Ltd				
Thye Moh Chan Pte. Ltd. [3]	Singapore	Wholesale of confectionery and bakery products	100	100
Queens Coffee Pte Ltd [3]	Singapore	Processing, sale and distribution of premium coffee beans and tea dust; and distribution of related processing equipment	100	100
Held through Together Inc. Pte Ltd				
Ramen Play Pte Ltd [3]	Singapore	Operators of restaurants	85	85

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
Held through Together Inc. Pte Ltd (cont'd)				
Taster Food Pte Ltd [1]	Singapore	Operators of food and drinks outlets, eating houses and restaurants	70	70
Taster Food UK Limited [11]	England and Wales	Operators of restaurants	100	100
BTG-Song Fa Venture Pte Ltd [11] (Note (e))	Singapore	Operators of restaurants	90	–
Held through BTG-Song Fa Venture Pte Ltd				
Song Yu (Shanghai) Management Co., Ltd [11] (Note (e))	People's Republic of China	Operators of restaurants	100	–
Held through Taster Food Pte Ltd				
Taster Food International Pte Ltd [3]	Singapore	Investment holding	90	90
Held through Taster Food International Pte Ltd				
Taster Food (Thailand) Co., Ltd [10][12]	Thailand	Operators of restaurants	49	49

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
Held through BreadTalk International Pte Ltd				
Shanghai BreadTalk Co., Ltd [2]	People's Republic of China	Bakers and manufacturers of and dealers in bread, flour and biscuits	100	100
Shanghai BreadTalk Gourmet Co., Ltd [2]	People's Republic of China	Management of food and beverage, manufacture and retail of bakery, confectionery products	100	100
Beijing BreadTalk Restaurant Management Co., Ltd [2]	People's Republic of China	Management of food and beverage, manufacture and retail of bakery, confectionery products	100	100
BreadTalk (Thailand) Co., Ltd [9]	Thailand	Management of food and beverage, manufacture and retail of bakery, confectionery products	49 [13]	49 [13]
BreadTalk Corporation (Thailand) Co., Ltd [9]	Thailand	Investment holding	49 [14]	49 [14]
ML Breadworks Sdn Bhd [4](Note (d))	Malaysia	Dormant	100	90
Held through Shanghai BreadTalk Co., Ltd.				
Shanghai Ramen Play Co., Ltd [5][15]	People's Republic of China	Operators of restaurants	30	30
Held through Beijing BreadTalk Restaurant Management Co., Ltd				
Beijing BreadTalk Co., Ltd [2]	People's Republic of China	Manufacture and sale of bakery and confectionery products	100	100

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
Held through BreadTalk (Thailand) Co., Ltd				
BreadTalk Corporation (Thailand) Co., Ltd [9]	Thailand	Investment holding	50.9 [14]	50.9 [14]
Held through BreadTalk Corporation (Thailand) Co., Ltd				
BreadTalk (Thailand) Co., Ltd [9]	Thailand	Management of food and beverage, manufacture and retail of bakery, confectionery products	51 [13]	51 [13]
Held through Topwin Investment Holding Pte Ltd				
Food Republic (Shanghai) Co., Ltd [2]	People's Republic of China	Food court operator	100	100
Beijing Da Shi Dai Food and Beverage Co., Ltd [2]	People's Republic of China	Food court operator	100	100
Megabite Hong Kong Limited [6]	Hong Kong	Investment holding and food court operator	100	100
Food Republic Pte Ltd [1]	Singapore	Food court operator	100	100
FR International Holdings Pte Ltd [16]	Singapore	Investment Holding	–	100
Megabite (S) Pte Ltd [17]	Singapore	Investment holding	100	100
Megabite Eatery (M) Sdn Bhd [4]	Malaysia	Operator of food and beverage outlets	100	100
Food Republic Taiwan Co., Ltd [8]	Taiwan	Food court operator	100	100
FR (Thailand) Co., Ltd [9][10]	Thailand	Food court operator	49	49

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
Held through Food Republic (Shanghai) Co. Ltd. (cont'd)				
Chongqing Food Republic Food & Beverage Management Co., Ltd [5]	People's Republic of China	Food court operator	100	100
Food Republic (Chengdu) Co., Ltd [5]	People's Republic of China	Food court operator	100	100
Food Republic Hangzhou F&B Co., Ltd [5]	People's Republic of China	Food court operator	100	100
Shanghai Ramen Play Co., Ltd [5][15]	People's Republic of China	Operators of restaurants	30	30
Shanghai Food Court F&B Management Co., Ltd [5]	People's Republic of China	Operator of food and beverage outlets	100	100
Held through Megabite Hong Kong Limited				
BreadTalk Concept Hong Kong Limited [6]	Hong Kong	Management of food and beverage, manufacture and retail of bakery, confectionery products	100	100
Food Republic Shenzhen F&B Management Co., Ltd [7]	People's Republic of China	Food court operator	100	100
Food Republic Guangzhou F&B Management Co., Ltd [7]	People's Republic of China	Food court operator	75	75
Held through FR International Holdings Pte Ltd				
FR-AK Venture Pte Ltd [16]	Singapore	Operator of food and beverage outlets	–	70

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
Held through Megabite (S) Pte Ltd				
Food Art Pte Ltd [17]	Singapore	Dormant	100	100
Held through Star Food Pte Ltd				
Shanghai Star Food F&B Management Co., Ltd [5]	People's Republic of China	Investment holding	100	100
Beijing Star Food F&B Management Co., Ltd [5]	People's Republic of China	Dormant	100	100

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by Mazars LLP, Singapore
(4) Audited by Nexia SSY, Malaysia
(5) Audited by Shanghai Shen Ya Certified Public Accountants Co., Ltd, People's Republic of China
(6) Audited by Nexia Charles Mar Fan Limited, Hong Kong
(7) Audited by Guangdong Zhihe Certified Public Accountants Co Ltd, People's Republic of China
(8) Audited by KPMG, Taiwan
(9) Audited by Tree Sun Co., Ltd, Thailand
(10) Considered a subsidiary of the Company as the Company has voting control at general meetings and Board meetings.
(11) Not required to be audited during the financial year.
(12) The Group holds 30.87% ownership interest in Taster Food (Thailand) Co., Ltd in 2017 and 2016 and accounted for it as a subsidiary. It is considered a subsidiary of the Company as the Company has voting control at the general meetings and Board meetings.
(13) The Group holds 100% ownership interest in BreadTalk (Thailand) Co., Ltd through BreadTalk International Pte Ltd and BreadTalk Corporation (Thailand) Co., Ltd. and accounted for it as a subsidiary.
(14) The Group holds 99.9% ownership interest in BreadTalk Corporation (Thailand) Co., Ltd through BreadTalk International Pte Ltd and BreadTalk (Thailand) Co., Ltd. and accounted for it as a subsidiary.
(15) The Group holds 60% ownership interest in Shanghai Ramen Play Co., Ltd through Shanghai BreadTalk Co., Ltd. and Food Republic (Shanghai) Co., Ltd. and accounted for it as a subsidiary.
(16) The entity has been struck off during the year.
(17) The entity has been struck off subsequent to 31 December 2017.

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Interests in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiary that have NCI that are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends payable to NCI
			$'000	$'000	$'000
31 December 2017:					
Taster Food Pte Ltd	Singapore	30%	6,773	26,398	3,444
31 December 2016:					
Taster Food Pte Ltd	Singapore	30%	6,133	23,069	1,640

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of the subsidiary with material non-controlling interests.

(c) Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheet

	Taster Food Pte Ltd	
	As at 31.12.2017 $'000	As at 31.12.2016 $'000
Current		
Assets	107,250	84,306
Liabilities	(40,920)	(27,855)
Net current assets	66,330	56,451
Non-current		
Assets	16,031	15,726
Liabilities	(1,466)	(1,439)
Net non-current assets	14,565	14,287
Net assets	80,895	70,738

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statement of comprehensive income

	Taster Food Pte Ltd	
	2017	2016
	$'000	$'000
Revenue	128,930	127,287
Profit before income tax	25,095	22,745
Income tax expense	(4,445)	(4,046)
Profit after tax – continuing operations	20,650	18,699
Other comprehensive income	–	–
Total comprehensive income	20,650	18,699

Other summarised information

	Taster Food Pte Ltd	
	2017	2016
	$'000	$'000
Net cash flows from operations	28,738	24,049
Acquisition of significant property, plant and equipment	5,281	4,843

(d) Acquisition of non-controlling interests

On 30 June 2017, BreadTalk International Pte Ltd, a 100% owned subsidiary of the Company, acquired an additional 10.0% equity interest in ML Breadworks Sdn Bhd ("MLBW") from its non-controlling interests for a cash consideration of 1 Malaysia Ringgit. As a result of this acquisition, MLBW become a wholly owned subsidiary. The carrying value of net liabilities of MLBW as at 30 June 2017 was $7,190,000 and the deficit in carrying value of the additional interest acquired was $719,000. The cumulative amount of the consideration and the deficit in the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect to the change in the Group's ownership interest in MLBW on the equity attributable to owners of the Company:

	$'000
Consideration paid for acquisition of non-controlling interests	*
Increase in equity attributable to non-controlling interests	719
Decrease in equity attributable to owners of the Company	719

* less than $1,000

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) Incorporation of new subsidiaries

BTG-Song Fa Venture Pte Ltd ("BTSF")

BTSF was incorporated as a 90% owned subsidiary of Together Inc. Pte Ltd on 7 July 2017 with a share capital of $2,000,000.

Song Yu (Shanghai) Management Co., Ltd ("SYSH")

SYSH was incorporated as a 100% owned subsidiary of BTG-Song Fa Venture Pte Ltd on 14 September 2017 with a share capital of $1,431,000.

15. INVESTMENT IN ASSOCIATES

The Group's material investments in associates are summarised below:

	Group	
	2017	2016
	$'000	$'000
Carl Karcher Enterprises (Cayman) Ltd	2,616	1,968
Perennial (Chijmes) Pte Ltd	22,619	22,643
Other associates	3,247	2,422
	28,482	27,033
Impairment loss	(1,800)	–
At end of year	26,682	27,033

Details of the associates are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
Held through subsidiaries				
Perennial (Chijmes) Pte Ltd ("PCPL") [(1)]	Singapore	Investment holding	29	29
JBT (China) Pte Ltd ("JBTC") [(2)]	Singapore	Investment holding	30	30
Tate Projects Pte. Ltd. [(3)]	Singapore	General building contractor	25	25
Carl Karcher Enterprises (Cayman) Ltd ("CKEC") [(4)]	Cayman Islands	Investment holding	40	40
Avenue Ambience Sdn Bhd [(6)]	Malaysia	Bakers and manufacturers of and dealers in bread, flour and biscuits	25	–

15. INVESTMENT IN ASSOCIATES (CONT'D)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017 %	2016 %
Held by PCPL				
Pre 8 Investments Pte Ltd [1]	Singapore	Operators of commercial malls	100	100
Held by JBTC				
JBT (Shanghai) Co., Ltd [5]	People's Republic of China	Operators of restaurants	100	100
Held by CKEC				
Carl Karcher Enterprises (HK) Limited [4]	Hong Kong	Investment holding	100	100
CKE (Shanghai) F&B Management Limited [4]	People's Republic of China	Operators of restaurants	100	100

(1) Audited by KPMG LLP, Singapore
(2) Audited by Deloitte LLP, Singapore
(3) Audited by Leethen & Associates, Singapore
(4) Audited by KPMG Huazhen, People's Republic of China
(5) Audited by Shanghai Shen Ya Certified Public Accountants Co., Ltd, People's Republic of China
(6) Not required to be audited during the financial year

(a) Additional interests in associates, with no change in shareholdings

During the year, CKEC increased its share capital to $25,357,000. Proportionate to its shareholdings of 40% in CKEC, a wholly owned subsidiary, Star Food Pte Ltd injected additional share capital of $2,233,000 (FY2016: $2,769,000).

(b) Investment in new associate

During the year, BreadTalk International Pte Ltd, a wholly owned subsidiary, injected share capital of $40,000, representing 25% shareholdings in Avenue Ambience Sdn Bhd.

For the financial year, no dividends (2016: $98,000) were received from associates. All associates are not restricted by regulatory requirements on the distribution of dividends.

15. INVESTMENT IN ASSOCIATES (CONT'D)

Impairment loss recognised

During the financial year, an impairment loss was recognised to write down the carrying amount of investment in Carl Karcher Enterprises (Cayman) Ltd after making an assessment of the expected recoverable amount during the current financial year.

The recoverable amount has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five year period. The pre-tax discount rate applied to the cash flow projection is 13.5%.

The impairment loss of $1,800,000 (2016: Nil) has been recognised in profit or loss under the line item "Administrative expenses" in the consolidated income statement.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	Group	
	2017	2016
	$'000	$'000
Profit or loss after tax from continuing operations	2,172	1,901
Other comprehensive income	–	–
Total comprehensive income	2,172	1,901

The summarised financial information in respect of CKEC and PCPL, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	CKEC		PCPL	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current assets	3,393	2,200	8,281	9,936
Non-current assets	7,175	6,123	334,141	333,749
Total assets	10,568	8,323	342,422	343,685
Current liabilities	(3,492)	(2,247)	(6,110)	(14,018)
Non-current liabilities	(972)	(967)	(258,315)	(251,588)
Total liabilities	(4,464)	(3,214)	(264,425)	(265,606)
Net assets	6,104	5,109	77,997	78,079
Proportion of the Group's ownership	40%	40%	29%	29%
Group's share of net assets	2,442	2,044	22,619	22,643
Impairment loss	(1,800)	–	–	–
Exchange differences	174	(76)	–	–
Carrying amount of the investment	816	1,968	22,619	22,643

15. INVESTMENT IN ASSOCIATES (CONT'D)

Summarised statement of comprehensive loss

	CKEC		PCPL	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Revenue	12,752	9,716	13,547	13,805
Loss after tax from continuing operations	(3,335)	(5,901)	(82)	(144)
Other comprehensive (loss)/income	(628)	233	–	–
Total comprehensive loss	(3,963)	(5,668)	(82)	(144)

16. INVESTMENT IN JOINT VENTURES

The Group's material investments in joint ventures are summarised below:

	Group	
	2017	2016
	$'000	$'000
BTM (Thailand) Co., Ltd	5,016	3,557
Shanghai ABPan Co., Ltd	3,753	3,681
Other joint ventures	1,069	847
Exchange differences	202	149
At end of year	10,040	8,234

Details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
Held through subsidiaries				
Apex Excellent Sdn Bhd [1]	Malaysia	Food court operator	50	50
Shanghai ABPan Co., Ltd ("SHAB") [2]	People's Republic of China	Manufacture and sale of frozen dough	50	50
BTM (Thailand) Co., Ltd ("BTM") [3]	Thailand	Management of food and beverage, manufacture and retail of bakery, confectionery products	50	50

[1] Audited by Nexia SSY, Malaysia
[2] Audited by Ernst & Young Hua Ming LLP, People's Republic of China
[3] Audited by PricewaterhouseCoopers ABAS Ltd

16. INVESTMENT IN JOINT VENTURES (CONT'D)

The activities of the joint ventures are strategic to the Group's activities. The Group jointly controls the joint ventures with other partners under contractual agreements that require unanimous consent to all major decisions over the relevant activities.

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	Group	
	2017	2016
	$'000	$'000
Profit or loss after tax from continuing operations	446	545
Other comprehensive income	–	–
Total comprehensive income	446	545

The summarised financial information in respect of SHAB and BTM, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	SHAB		BTM	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash and cash equivalents	3,017	3,350	2,506	834
Trade receivables	–	–	1,276	1,707
Other current assets	4,122	2,960	2,306	1,264
Current assets	7,139	6,310	6,088	3,805
Non-current assets	2,285	3,650	9,759	8,793
Total assets	9,424	9,960	15,847	12,598
Current liabilities	(1,609)	(2,099)	(4,441)	(3,994)
Total liabilities	(1,609)	(2,099)	(4,441)	(3,994)
Net assets	7,815	7,861	11,406	8,604
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	3,908	3,931	5,703	4,302
Other adjustments	–	–	(516)	(662)
Exchange difference	(155)	(250)	(171)	(83)
Carrying amount of the investment	3,753	3,681	5,016	3,557

16. INVESTMENT IN JOINT VENTURES (CONT'D)

Summarised statement of comprehensive income

	SHAB		BTM	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Revenue	12,244	11,820	23,871	17,981
Operating expenses	(11,131)	(10,760)	(23,218)	(17,203)
Profit before tax	1,113	1,060	653	778
Income tax expense	(274)	(288)	(38)	(79)
Profit after tax	839	722	615	699
Other comprehensive income	–	–	–	–
Total comprehensive income	839	722	615	699

(a) ***Additional interests in joint venture, with no change in shareholdings***

During the year, BTM increased its share capital to $10,027,000. Proportionate to its shareholdings of 50% in BTM, a wholly owned subsidiary, BreadTalk (Thailand) Co., Ltd injected additional share capital of $1,005,000.

Dividends of $348,000 (2016: $363,000) were received from SHAB. All joint ventures are not restricted by regulatory requirements on the distribution of dividends.

17. INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Balance sheet:		
Raw materials and consumables, at cost	8,878	8,951
Semi-finished goods	536	461
Finished goods	307	394
Total inventories at lower of cost and net realisable value	9,721	9,806

	Group	
	2017	2016
	$'000	$'000
Profit or loss:		
Inventories recognised as an expense in cost of sales	142,640	136,148
Inclusive of the following charge:		
– Write-off of inventories	7	18
– Allowance for inventory obsolescence	5	84

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables	13,086	11,861	–	–
Other receivables	9,264	8,503	2,367	4,240
Interest receivable	439	852	–	–
Deposits	34,754	36,256	50	29
	57,543	57,472	2,417	4,269
Other receivables (non-current)	1,107	1,413	–	–
	58,650	58,885	2,417	4,269
Current	57,543	57,472	2,417	4,269
Non-current	1,107	1,413	–	–
	58,650	58,885	2,417	4,269

Other receivables include the following:

(a) Initial fee receivable of $3,100,000 (2016: $3,706,000) from food atrium stall tenants. The initial fee receivable is a contribution from tenants mainly for renovation costs of the leased food atrium stalls.

Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 60 days terms (2016: 15 to 60 days). They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:-

	Group	
	2017	2016
	$'000	$'000
United States Dollar	–	275

18. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $4,577,000 (2016: $4,016,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2017	2016
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	2,616	2,172
30 to 60 days	643	342
61 to 90 days	535	258
91 to 120 days	421	117
More than 120 days	362	1,127
	4,577	4,016

Receivables that are impaired / partially impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2017	2016
	$'000	$'000
Trade receivables – nominal amounts	210	–
Less: Allowance for impairment	(210)	–
	–	–
Movement in allowance accounts:		
At 1 January	–	181
Charge during the year	250	–
Written back during the year	(40)	(181)
At 31 December	210	–

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

18. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables

Other receivables (current) are non-interest bearing and are generally on 0 to 60 days terms (2016: 0 to 60 days).

Other receivables that are past due but not impaired

The Group has other receivables amounting to $1,870,000 (2016: $974,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2017	2016
	$'000	$'000
Other receivables past due:		
Lesser than 30 days	575	559
30 to 60 days	1,101	83
61 to 90 days	40	30
91 to 120 days	28	53
More than 120 days	126	249
	1,870	974

Other receivables that are impaired / partially impaired

The Group's other receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2017	2016
	$'000	$'000
Other receivables – nominal amounts	87	87
Less: Allowance for impairment	(87)	(87)
	–	–
Movement in allowance accounts:		
At 1 January	87	33
Charge during the year	–	87
Written off during the year	–	(33)
At 31 December	87	87

Other receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

19. DUE FROM/TO RELATED CORPORATIONS

	Company	
	2017	2016
	$'000	$'000
Non-current		
Loan to subsidiary	38,831	29,905
Less: Impairment losses	(8,139)	(3,137)
	30,692	26,768

The loan to subsidiary is non-interest bearing and has no fixed terms of repayment.

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Amounts due from:				
Subsidiaries (non-trade)	–	–	105,149	61,885
Associate (trade)	9	6	–	–
Associate (non-trade)	1	–	–	–
Joint ventures (trade)	–	411	–	–
Joint ventures (non-trade)	1,118	677	–	–
	1,128	1,094	105,149	61,885
Amounts due to:				
Subsidiaries (non-trade)	–	–	57,787	30,674
Associate (non-trade)	1,348	1,108	–	–
Joint ventures (trade)	2,458	2,617	–	–
Joint ventures (non-trade)	75	178	–	–
	3,881	3,903	57,787	30,674

The amounts due from/to related corporations (current) are to be settled in cash, unsecured, non-interest bearing and generally on 30 to 60 days term except for:

(i) loans to subsidiaries of $52,738,000 (2016: $42,963,000) which are repayable on demand;

(ii) loan from a subsidiary of $57,424,000 (2016: $29,325,000) which bears an effective interest rate of 1.5% (2016: 1.5%) per annum and is repayable on demand.

19. DUE FROM/TO RELATED CORPORATIONS (CONT'D)

There is no allowance for impairment loss recognised during the year and in 2016 on the amount due from related corporations.
Receivables that are past due but not impaired

	Group	
	2017	2016
	$'000	$'000
Amounts due from associate (trade)		
61 to 90 days	9	6
Total as at 31 December	9	6
Amounts due from associate (non-trade)		
61 to 90 days	1	–
Total as at 31 December	1	–

	Group	
	2017	2016
	$'000	$'000
Amounts due from joint ventures (trade)		
Lesser than 30 days	–	18
30 to 60 days	–	55
61 to 90 days	–	11
91 to 120 days	–	2
Total as at 31 December	–	86
Amounts due from joint ventures (non-trade)		
Lesser than 30 days	133	8
30 to 60 days	14	7
61 to 90 days	24	8
91 to 120 days	57	7
More than 120 days	68	44
Total as at 31 December	296	74

19. DUE FROM/TO RELATED CORPORATIONS (CONT'D)

	Company	
	2017	2016
	$'000	$'000
Amounts due from subsidiaries (non-trade)		
Lesser than 30 days	15,751	1,795
30 to 60 days	1,919	1,919
61 to 90 days	45	2,584
91 to 120 days	1,713	1,301
More than 120 days	31,635	9,680
Total as at 31 December	51,063	17,279

20. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Fixed deposits (current)	6	5,017	–	5,011
Cash on hand and at bank	141,239	115,572	1,278	3,475
	141,245	120,589	1,278	8,486

Fixed deposits of the Group have a maturity period of 3 months (2016: 3 months) with effective interest rates of 0.96% (2016: 0.88%) per annum.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
United States Dollar	314	639	–	–

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial liabilities				
Trade payables	20,718	21,062	–	–
Other payables				
- Other creditors	12,094	12,587	641	768
- Payable for purchase of property, plant and equipment	4,674	4,760	–	–
- Sales collection on behalf of tenants	21,609	20,250	–	–
Deposits	25,027	24,111	1,177	1,064
Dividend payable	3,444	1,640	–	–
	87,566	84,410	1,818	1,832
Non-financial liabilities				
GST payable	2,760	1,994	357	123
	90,326	86,404	2,175	1,955

The deposits refer to deposits from food court tenants and franchisees.

Dividend is payable to non-controlling shareholders of a subsidiary.

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 0 to 60 days terms (2016: 0 to 60 days terms) while other payables have an average term of 0 to 90 days term (2016: 0 to 90 days terms), except for retention sums which have repayment terms of up to 1 year.

Trade payables denominated in foreign currencies as at 31 December are as follows:

	Group	
	2017 $'000	2016 $'000
United States Dollar	283	253

22. OTHER LIABILITIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial liabilities, current				
Accrued operating expenses	50,630	41,912	7,012	3,395
Accrual for amounts payable for purchase of property plant and equipment	361	135	–	–
Financial guarantees	–	–	576	576
	50,991	42,047	7,588	3,971
Non-financial liabilities, current				
Deferred revenue	24,457	25,405	–	–
Deferred rent	3,262	2,160	–	–
	27,719	27,565	–	–
Non-financial liabilities, non- current				
Deferred rent	9,392	11,385	–	–
	37,111	38,950	–	–
	88,102	80,997	7,588	3,971
Current	78,710	69,612	7,588	3,971
Non-current	9,392	11,385	–	–
	88,102	80,997	7,588	3,971

Deferred rent represents the difference between the lease payments and lease expenses recognised on straight line basis over the lease term.

23. PROVISION FOR REINSTATEMENT COSTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At 1 January	14,417	15,002	27	25
Additions	2,681	2,090	–	2
Utilisation	(927)	(2,339)	–	–
Write back during the year	(82)	(292)	–	–
Exchange differences	(243)	(44)	–	–
Total as at 31 December	15,846	14,417	27	27

Provision for reinstatement costs is recognised when the Group enters into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements. During the year, the Group incurred reinstatement costs for certain closed outlets and an excess provision of $82,000 (2016: $292,000) was written back.

24. DUE FROM/LOAN FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

The amounts due from and current loan from non-controlling shareholders of subsidiaries are to be settled in cash, unsecured, non-interest bearing and repayable on demand.

The non-current loan from a non-controlling shareholder of a subsidiary is unsecured and non-interest bearing. The loan has no fixed terms of repayment and is to be settled when the cash flow of the subsidiary permits.

25. SHORT-TERM LOANS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Bank loans				
- Singapore Dollar	10,000	–	10,000	–
- New Taiwan Dollar	6,435	4,883	–	–
- Thailand Baht	2,802	2,332	–	–
	19,237	7,215	10,000	–

The effective interest on these short-term loans range from 1.61% to 3.50% (2016: 1.56% to 6.86%) per annum. The interest rates of these floating rate loans are repriced from time to time at the discretion of the respective banks.

The bank loans are revolving credit facilities with a tenure of 6 months (2016: 6 months).

26. LONG-TERM LOANS

		Group		Company	
Term loans	Maturity	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Singapore Dollar	2018 - 2019	2,860	6,569	–	–
Singapore Dollar	2028 (Note 1)	38,214	41,793	38,214	41,793
Singapore Dollar	2020 (Note 2)	1,584	2,127	1,584	2,127
Singapore Dollar	2019 (Note 3)	1,684	3,215	–	–
Singapore Dollar	2018 (Note 4)	30,000	43,778	–	–
Singapore Dollar	2032 (Note 5)	13,500	–	–	–
Hong Kong Dollar	2018	475	1,015	–	–
Chinese Yuan	2017	–	301	–	–
Malaysia Ringgit	2018	80	297	–	–
		88,397	99,095	39,798	43,920
Current portion		37,864	24,238	4,122	4,122
Non-current portion		50,533	74,857	35,676	39,798
		88,397	99,095	39,798	43,920

26. LONG-TERM LOANS (CONT'D)

Note 1 – the term loans are secured by a charge over the Company's leasehold land and property. The loans will mature in 2028. They include the following financial covenants which require the Group to maintain:

- a gearing ratio not exceeding 4.0 times

Note 2 – the term loan is secured by a charge over the Company's leasehold land and property. The loans will mature in 2020. They include the following financial covenants which require the Group to maintain:

- a gearing ratio not exceeding 4.0 times

Note 3 – the term loans are secured by a charge over a subsidiary's machineries and equipment. The loans will mature in 2019.

Note 4 – the term loan is secured by certain investment securities of a subsidiary. It includes the following financial covenants which require the Group to maintain:

- a net worth exceeding the loan covenants granted
- a gearing ratio not exceeding 4.0 times; and
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) exceeding the loan covenants granted

Note 5 – the term loan is secured by certain investment property of a subsidiary. It includes the following financial covenants which require the Group to maintain:

- a consolidated tangible net worth not less than $75,000,000
- a gearing ratio not exceeding 3.0 times; and
- interest coverage ratio of not less than 3.5 times

All other term loans are secured by continuing guarantees by the Company.

All the loans are floating rate loans with effective interest rates ranging from 2.0% to 3.9% (2016: 1.5% to 4.7%) per annum. The interest rates of these floating rate loans are repriced from time to time at the discretion of the respective banks.

27. NOTES PAYABLE

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
4.6% notes due 1 April 2019	75,000	75,000	75,000	75,000

The Company issued $75 million 4.6% Notes due 1 April 2019 under its $250 million Multicurrency Medium Term Note Programme on 1 April 2016. The notes bear interest at a fixed rate of 4.6% per annum and interest is payable semi-annually from the date of issue.

28. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2017		2016	
	Number of shares	$'000	Number of shares	$'000
Issued and fully paid ordinary shares				
At beginning and end of the year	281,893,238	33,303	281,893,238	33,303

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(b) Treasury shares

	Group and Company			
	2017		2016	
	Number of shares	$'000	Number of shares	$'000
At beginning of the year	(579,060)	(587)	(337,570)	(378)
Acquired during the financial year	–	–	(816,400)	(830)
Treasury shares transferred on vesting of restricted share grant	121,106	127	74,910	81
Treasury shares transferred as consideration in relation to the acquisition of non- controlling interest	–	–	500,000	540
At end of the year	457,954	(460)	(579,060)	(587)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

During the financial year 2016, the Company acquired 816,400 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares in 2016 was $830,000 and this was presented as a component within shareholders' equity.

The Company reissued 121,106 (2016: 74,910) treasury shares during the year pursuant to its restricted share grant at a weighted average share price of approximately $1.05 (2016: $1.08) each.

29. OTHER RESERVES

	Note	Group		Company	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
Statutory reserve fund	(a)	2,954	2,954	–	–
Translation reserve	(b)	1,639	3,295	–	–
Share-based compensation reserve		591	343	591	343
Capital reserve	(c)	177	177	177	177
Premium on acquisition of non-controlling interests	(d)	(2,160)	(1,441)	–	–
Fair value adjustment reserve	(e)	15	–	–	–
		3,216	5,328	768	520

(a) Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to subsidiaries in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to the approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

(b) Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Capital reserve

Capital reserve mainly arises from the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(d) Premium on acquisition of non-controlling interests

	Group	
	2017 $'000	2016 $'000
At 1 January	1,441	1,552
Changes in equity attributable to non-controlling interests (Note 14)	719	(111)
At 31 December	2,160	1,441

29. ACCUMULATED PROFITS AND OTHER RESERVES (CONT'D)

(e) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

	Group	
	2017	2016
	$'000	$'000
Net gain on available-for-sale financial assets:		
– Net gain on fair value changes during the year	15	–

30. COMMITMENTS AND CONTINGENCIES

(a) Commitments

Expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Commitment in respect of property, plant and equipment	165	124	–	–

(b) Operating lease commitments – as lessee

The Group has various operating lease agreements for equipment, office, central kitchen, food court and retail outlet premises. These non-cancellable leases have remaining non-cancellable lease terms of between less than 1 year and 9 years. Most leases contain renewable options. Some of the leases contain escalation clauses and provide for contingent rentals based on percentages of sales derived from assets held under operating leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2017	2016
	$'000	$'000
Not later than one year	117,091	122,683
Later than one year but not later than five years	234,735	226,529
Later than five years	16,413	16,865
	368,239	366,077

30. COMMITMENTS AND CONTINGENCIES (CONT'D)

(c) Operating lease commitments – as lessor

The Group has entered into non-cancellable operating leases to sublease its food court and retail outlet premises. The Company has non-cancellable operating leases for its leasehold property. Future sublease rental receivable as at 31 December is as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Not later than one year	61,722	59,748	6,036	2,004
Later than one year but not later than five years	46,203	41,029	6,406	1,644
Over five years	11,673	243	11,652	–
	119,598	101,020	24,094	3,648

(d) Corporate guarantees

As at 31 December 2017, the Company has given corporate guarantees to financial institutions in connection with banking facilities provided to its subsidiaries of which $82,344,000 (2016: $78,451,000) of the banking facilities have been utilised as at year end.

31. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year on terms agreed between the parties:

	Group	
	2017	2016
	$'000	$'000
Income		
Management fee income from a joint venture	627	575
Rental and miscellaneous income from a joint venture	–	67
Sales of goods to a joint venture and an associate	679	742
Purchase of goods from a joint venture	12,244	11,820
Expenses		
Rental expense to a joint venture	98	83
Royalty fees to non-controlling shareholders	4,222	4,005
Repair and maintenance fees to an associate	439	435
Others		
Purchase of furniture and fittings from a company related to a director of the Company	292	426
Purchase of plant and equipment from an associate	7,870	3,362

31. RELATED PARTY DISCLOSURES (CONT'D)

(a) Sale and purchase of goods and services (cont'd)

	Company	
	2017	2016
	$'000	$'000
Income		
Management fee income from a subsidiary	19,911	15,982
Dividend income from subsidiaries	24,056	8,671
Training fee income from subsidiaries	309	284
Rental income from subsidiaries	5,012	5,120
Expense		
Purchase of goods from subsidiaries	216	160
Interest expense payable to a subsidiaries	1,007	681

(b) Compensation of key management personnel

	Group	
	2017	2016
	$'000	$'000
Salaries and bonus	8,496	8,787
Central Provident Fund contributions and other pension contributions	367	403
Directors' fees	180	173
Other personnel expenses	1,263	1,359
Total compensation paid to key management personnel	10,306	10,722
Comprise amounts paid to:		
Directors of the Company	1,331	1,642
Directors of subsidiaries	5,088	744
Other key management personnel	3,887	8,336
	10,306	10,722

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk, liquidity risk and market price risk. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The Group's and Company's principal financial instruments comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's and Company's operations. The Group and Company has various other financial assets and liabilities such as trade and other receivables, trade and other payables and related company balances, which arise directly from its operations.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rates risk arises primarily from its investment portfolio in fixed deposits and its debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio. The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign exchange exposure.

Surplus funds are placed with reputable banks.

Sensitivity analysis for interest rate risk

	Group	
	Effect on profit before tax	
	100 basis points increase $'000	100 basis points decrease $'000
2017		
– Singapore dollar interest rates	(984)	984
– Chinese Yuan interest rates	(2)	2
– Hong Kong dollar interest rates	(8)	8
– New Taiwan dollar interest rates	(57)	57
– Malaysia Ringgit interest rates	(2)	2
– Thailand Baht interest rates	(19)	19

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Interest rate risk (cont'd)

	Group	
	Effect on profit before tax	
	100 basis points increase	100 basis points decrease
	$'000	$'000
2016		
- Singapore dollar interest rates	(1,422)	1,422
- Chinese Yuan interest rates	(5)	5
- Hong Kong dollar interest rates	(12)	12
- New Taiwan dollar interest rates	(52)	52
- Malaysia Ringgit interest rates	(6)	6
- Thailand Baht interest rates	(40)	40

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, Chinese Yuan (CNY) and Hong Kong Dollar (HKD). The foreign currencies in which these transactions are denominated are mainly United States dollars (USD), HKD, CNY and SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, in Malaysia, the PRC, Hong Kong, Thailand and United Kingdom. The Group's net investments in these countries are not hedged as currency positions in Malaysia Ringgit, CNY, HKD, Thai Baht are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, HKD, CNY and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Foreign currency risk (cont'd)

	Group	
	Effect on profit before tax	
	2017 $'000	2016 $'000
Against SGD:		
USD – strengthened 6% (2016: 6%)	2	49
– weakened 6% (2016: 6%)	(2)	(49)
CNY – strengthened 5% (2016: 5%)	432	430
– weakened 5% (2016: 5%)	(432)	(430)
Against CNY:		
SGD – strengthened 5% (2016: 5%)	(29)	(62)
– weakened 5% (2016: 5%)	29	62
HKD – strengthened 5% (2016: 5%)	(33)	(69)
– weakened 5% (2016: 5%)	33	69
Against HKD		
SGD – strengthened 5% (2016: 5%)	(363)	(264)
– weakened 5% (2016: 5%)	363	264
Against Thailand Baht		
SGD – strengthened 5% (2016: 5%)	(177)	(220)
– weakened 5% (2016: 5%)	177	220
Against New Taiwan Dollar		
SGD – strengthened 5% (2016: 5%)	(3)	(4)
– weakened 5% (2016: 5%)	3	4

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk (cont'd)

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- an amount of $82,344,000 (2016: $78,451,000) relating to corporate guarantees provided by the Company to financial institutions on its subsidiaries' borrowings and other banking facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables, other receivables and deposits on an on-going basis. The credit risk concentration profile of the Group's trade receivables, other receivables and deposits at the balance sheet date is as follows:

	Group			
	2017		2016	
	$'000	% of total	$'000	% of total
By country:				
Singapore	23,243	40%	21,997	37%
People's Republic of China	21,456	37%	22,558	38%
Hong Kong	4,788	8%	7,987	14%
Malaysia	1,175	2%	506	1%
Indonesia	577	1%	428	1%
Philippines	1,302	2%	926	1%
Thailand	1,577	3%	1,204	2%
Taiwan	3,141	5%	2,774	5%
Others	1,391	3%	505	1%
	58,650	100%	58,885	100%

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk (cont'd)

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 18 and 19 above.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group.

Short-term funding may be obtained from short-term loans where necessary.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted payments:

	2017				2016			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group								
Financial assets :								
Investment securities	14,776	69,240	9,970	93,986	18,612	59,375	21,070	99,057
Trade and other receivables	57,543	1,107	–	58,650	57,472	1,413	–	58,885
Amounts due from related corporations	1,128	–	–	1,128	1,094	–	–	1,094
Amounts due from non-controlling shareholders of subsidiaries	525	–	–	525	509	–	–	509
Cash and cash equivalents	141,245	–	–	141,245	120,589	–	–	120,589
Total undiscounted financial assets	215,217	70,347	9,970	295,534	198,276	60,788	21,070	280,134
Financial liabilities :								
Trade and other payables	87,566	–	–	87,566	84,410	–	–	84,410
Other liabilities	50,991	–	–	50,991	42,047	–	–	42,047
Amounts due to related corporations	3,881	–	–	3,881	3,903	–	–	3,903
Loans and borrowings	57,718	34,307	17,160	109,185	32,740	55,367	20,828	108,935
Notes payable	3,450	76,725	–	80,175	3,450	80,175	–	83,625
Loan from a non-controlling shareholder of a subsidiary [(1)]	200	–	–	200	200	–	–	200
Total undiscounted financial liabilities	203,806	111,032	17,160	331,998	166,750	135,542	20,828	323,120
Total net undiscounted financial asset/ (liabilities)	11,411	(40,685)	(7,190)	(36,464)	31,526	(74,754)	242	(42,986)

[(1)] The non-current loan from a non-controlling shareholder of a subsidiary is excluded as the loan has no fixed terms of repayment and is to be settled when the cash flow of the subsidiary permits.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk (cont'd)

	2017				2016			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company								
Financial assets :								
Investment securities	–	–	–	–	–	825	–	825
Trade and other receivables	2,417	–	–	2,417	4,269	–	–	4,269
Amounts due from related corporations	105,149	–	–	105,149	61,855	–	–	61,855
Cash and cash equivalents	1,278	–	–	1,278	8,488	–	–	8,488
Total net undiscounted financial assets	108,844	–	–	108,844	74,612	825	–	75,437
Financial liabilities :								
Trade and other payables	1,818	–	–	1,818	1,832	–	–	1,832
Other liabilities	7,588	–	–	7,588	3,971	–	–	3,971
Amounts due to related corporations	58,648	–	–	58,648	31,114	–	–	31,114
Loans and borrowings	13,918	18,341	17,160	49,419	3,668	18,341	20,828	42,837
Note payables	3,450	76,725	–	80,175	3,450	80,175	–	83,625
Total net undiscounted financial liabilities	85,422	95,066	17,160	197,648	44,035	98,516	20,828	163,379
Total net undiscounted financial assets/ (liabilities)	23,422	(95,066)	(17,160)	(88,804)	30,577	(97,691)	(20,828)	(87,942)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2017			2016		
	1 year or less $'000	1 to 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Total $'000
Company						
Financial guarantees	67,487	14,857	82,344	39,683	38,768	78,451

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instrument. This instrument is quoted on the SGX-ST in Singapore and is classified as available-for-sale financial asset. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the balance sheet date, if the share price had been 15% (2016: 15%) higher/lower with all other variables held constant, the effect on the Group's profit before tax would be $30,000 (2016: $151,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

33. FINANCIAL INSTRUMENTS

The carrying amount by category of financial assets and liabilities are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Loans and receivables				
Trade and other receivables (Note 18)	58,650	58,885	2,417	4,269
Amounts due from related corporations (Note 19)	1,128	1,094	105,149	61,885
Amounts due from non-controlling shareholders of subsidiaries (non-trade)	525	509	–	–
Cash and cash equivalents (Note 20)	141,245	120,589	1,278	8,486
Total	201,548	181,077	108,844	74,640
Available-for-sale financial assets				
Investment securities (Note 13)	45,572	51,467	–	825
Held-to-maturity investments				
Investment securities (Note 13)	39,382	38,633	–	–
Financial liabilities carried at amortised cost				
Trade and other payables (Note 21)	87,566	84,410	1,818	1,832
Other liabilities (Note 22)	50,991	42,047	7,588	3,971
Amounts due to related corporations (Note 19)	3,881	3,903	57,787	30,674
Short term loans (Note 25)	19,237	7,215	10,000	–
Long term loans (Note 26)	88,397	99,095	39,798	43,920
Notes payable (Note 27)	75,000	75,000	75,000	75,000
Loan from a non-controlling shareholder of a subsidiary	708	749	–	–
Total	325,780	312,419	191,991	155,397

34. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value by level at the end of the reporting period:

	Group	
Fair value measurements at the end of the reporting period using:	**Quoted prices in active markets for identical instruments (Level 1)**	
	2017	**2016**
	$'000	**$'000**
Financial assets:		
Available-for-sale financial assets (Note 13)		
- Equity instruments (quoted)	200	1,010
Financial assets as at 31 December	200	1,010

	Group	
	Significant unobservable inputs (Level 3)	
	2017	**2016**
	$'000	**$'000**
Non-financial assets:		
Investment properties (Note 11)	39,463	22,984
Non-financial assets as at 31 December	39,463	22,984

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) Assets and liabilities measured at fair value (cont'd)

Level 1 fair value

Equity securities (quoted) (Note 13): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

Level 3 fair value measurements

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurement using significant unobservable inputs (Level 3)

Description	Fair value as at 31 December 2017 $'000	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Recurring fair value measurement				
Investment property	22,782	Direct comparison approach	Transacted price of comparable properties (sqm): RMB 55 to RMB 63 (2016:RMB 50 to RMB 54)	The estimated fair value increases with higher comparable prices

The Group has not performed any valuation for the property located in Singapore as at 31 December 2017 as the acquisition date is a few days before to the year end, and therefore management has assessed that the purchase cost approximates the fair value.

(ii) *Movements in Level 3 assets measured at fair value*

	Group	
	Fair value measurements using significant unobservable inputs (Level 3)	
	2017 $'000	2016 $'000
Investment properties:		
Opening balance	22,984	24,053
Additions	16,681	–
Total gains or losses for the period		
– Included in other income under net gain from fair value adjustment of investment properties (Note 4)	118	2
Exchange differences	(320)	(1,071)
As at 31 December	39,463	22,984

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) Assets and liabilities measured at fair value (cont'd)

Level 3 fair value measurements (cont'd)

(iii) *Valuation policies and procedures*

The Group Chief Financial Officer (CFO), who is assisted by the Head of Treasury and the Group Financial Controller (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO office documents and reports its analysis and results of the valuations to the Audit Committee annually. The Audit Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2017 but for which fair value is disclosed:

	Group			
	2017 $'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)	Fair value	Carrying amount
Assets				
Equity instruments (unquoted), at cost	–	*	*	45,372
Investment in junior bonds (Note 13)	–	22,561	22,561	26,496
Investment in debt securities (Note 13)	12,503	–	12,503	12,886
Other receivables (non-current)	–	915	915	1,107
Liabilities				
Loan from a non-controlling shareholder of a subsidiary	–	420	420	508

	Group			
	2016 $'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)	Fair value	Carrying amount
Assets				
Equity instruments (unquoted), at cost	–	*	*	50,457
Investment in junior bonds (Note 13)	–	32,997	32,997	38,633
Other receivables (non-current)	–	1,197	1,197	1,413
Liabilities				
Loan from a non-controlling shareholder of a subsidiary	–	465	465	549

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

Determination of fair value

Current investment in junior bonds, other receivables (non-current), loan to subsidiary, current loan from non-controlling shareholder of a subsidiary

Fair value is estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing or leasing arrangements at the balance sheet date.

* Investment in equity instruments (unquoted) at cost

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market. Except as disclosed elsewhere in the financial statements, the Group does not intend to dispose of these investments in the foreseeable future.

35. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2017 and 2016.

As disclosed in Note 29, subsidiaries of the Group operating in the PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the respective subsidiaries for the financial year ended 31 December 2017 and 2016.

35. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, note payables, trade and other payables, amounts due to related corporations, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve and restricted statutory reserve fund.

	Group	
	2017	2016
	$'000	$'000
Loans and borrowings [(1)]	108,342	107,059
Notes payable	75,000	75,000
Trade and other payables	90,326	86,404
Amounts due to related corporations	3,881	3,903
Less: Cash and cash equivalents	(141,245)	(120,589)
Net debt	136,304	151,777
Equity attributable to the owners of the Company	134,992	132,010
Less: - Statutory reserve fund	(2,954)	(2,954)
Total capital	132,038	129,056
Capital and net debt	268,342	280,833
Gearing ratio	51%	54%

(1) including bank loans and loans from non-controlling shareholders of subsidiaries

36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) The bakery segment is in the business of manufacturing and retailing of all kinds of food, bakery and confectionary products including franchising.

(b) The food court segment is involved in the management and operation of food courts and food and drinks outlets.

(c) The restaurant segment is in the business of operating food and drinks outlets, eating houses and restaurants.

(d) The 4orth segment is involved in incubating new food and beverage (F&B) business concepts as well as entering into joint ventures or other forms of collaborations with potential F&B partners with whom the Group will take this F&B business to the regional level.

36. SEGMENT INFORMATION (CONT'D)

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transactions between operating segments are generally based on terms determined on commercial basis.

2017	Bakery [1]	Food Atrium	Restaurant	4orth	Real Estate Investment	Others [2]	Elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External sales	297,188	149,346	140,732	7,859	–	4,622	–	599,747
Inter-segment sales (Note A)	369	3,143	–	–	–	–	(3,512)	–
Total revenue	297,557	152,489	140,732	7,859	–	4,622	(3,512)	599,747
Results								
Profit/(loss) from operations	9,631	8,897	24,434	(332)	12,658	(11,141)	(211)	43,936
Interest income	51	307	1,243	3	1,428	2,156	(2,954)	2,234
Interest expense	(785)	(418)	(2)	(22)	(4,793)	(2,382)	2,982	(5,420)
Share of associates' results	–	–	–	–	–	(883)	–	(883)
Share of joint ventures' results	873	224	–	–	–	–	–	1,097
Segment profit/(loss)	9,770	9,010	25,675	(351)	9,293	(12,250)	(183)	40,964
Tax expense								(11,047)
Profit for the year								29,917

36. SEGMENT INFORMATION (CONT'D)

2017	Bakery [1]	Food Atrium	Restaurant	4orth	Real Estate Investment	Others [2]	Elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities								
Segment assets (Note A)	173,100	134,912	115,226	27,804	106,310	154,603	(157,310)	554,645
Deferred tax assets								2,559
Total assets								557,204
Segment liabilities	133,635	133,927	26,564	29,380	25,127	172,407	(139,543)	381,497
Tax payable								10,660
Deferred tax liabilities								4,576
Total liabilities								396,733
Other information								
Investment in associates	40	–	–	–	–	26,642	–	26,682
Investment in joint ventures	9,138	902	–	–	–	–	–	10,040
Additions to non-current assets (Note B)	7,025	11,821	7,841	231	–	5,823	–	32,741
Depreciation and amortisation	13,560	16,205	5,699	865	1,959	2,194	–	40,482
Other non-cash (income)/expenses (Note C)	2,138	1,013	134	321	–	375	–	3,981

36. SEGMENT INFORMATION (CONT'D)

2016	Bakery [1]	Food Atrium	Restaurant	4orth	Real Estate Investment	Others [2]	Elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External sales	306,864	157,901	137,662	7,838	–	4,730	–	614,995
Inter-segment sales (Note A)	436	3,112	–	–	–	–	(3,548)	–
Total revenue	307,300	161,013	137,662	7,838	–	4,730	(3,548)	614,995
Results								
Profit/(loss) from operations	11,462	(7,005)	23,095	(649)	13,295	(3,815)	(1,068)	35,315
Interest income	37	399	875	3	795	1,267	(2,214)	1,162
Interest expense	(722)	(772)	(6)	(12)	(4,968)	(993)	1,542	(5,931)
Share of associates' results	–	–	–	–	–	(1,960)	–	(1,960)
Share of joint ventures' results	887	243	–	–	–	–	–	1,130
Segment profit/(loss)	11,664	(7,135)	23,964	(658)	9,122	(5,501)	(1,740)	29,716
Tax expense								(12,119)
Profit for the year								17,597

36. SEGMENT INFORMATION (CONT'D)

2016	Bakery [1]	Food Atrium	Restaurant	4orth	Real Estate Investment	Others [2]	Elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities								
Segment assets (Note A)	157,823	130,726	105,956	4,365	184,139	105,209	(157,064)	531,154
Deferred tax assets								2,749
Total assets								533,903
Segment liabilities	115,790	134,676	26,483	16,636	156,230	79,582	(161,617)	367,780
Tax payable								9,854
Deferred tax liabilities								4,324
Total liabilities								381,958
Other information								
Investment in associates	–	–	–	–	–	27,033	–	27,033
Investment in joint ventures	7,574	660	–	–	–	–	–	8,234
Additions to non-current assets (Note B)	15,884	8,807	5,179	37	–	2,491	–	32,398
Depreciation and amortisation	17,719	23,566	6,423	927	1,811	1,756	–	52,202
Other non-cash (income)/expenses (Note C)	1,629	5,180	57	21	–	353	–	7,240

The Group has restated the corresponding items of segment information for the financial year 2016 to reflect the change in the composition of its reportable segments.

36. SEGMENT INFORMATION (CONT'D)

Notes:

(A) Inter-segment sales, assets and liabilities are eliminated on consolidation.

(B) Additions to non-current assets consist of additions to property, plant and equipment, investment property and intangible assets.

(C) Other non-cash (income)/expenses consist of:

- impairment/(write-back of impairment) of property, plant and equipment, intangible assets, investment in associate, receivables, amount due from associates and joint ventures, and provision for reinstatement cost;
- write off of property, plant and equipment, bad debts and inventories;
- (gain)/loss on disposals of property, plant and equipment and intangible assets;
- share based payment expenses; and
- unrealised foreign exchange (gain)/loss.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	External sales		Non-current assets [3]	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore	340,624	336,481	143,559	126,153
Mainland China	163,895	174,530	55,687	57,996
Hong Kong	53,908	66,385	8,731	12,686
Rest of the world	41,320	37,599	6,672	13,245
Total	599,747	614,995	214,649	210,080

[1] Bakery operations comprise operation of bakery retail outlets as well as that operated through franchising.

[2] The business segment "Others" comprises the corporate services, treasury functions, investment holding activities and associated company.

[3] Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets.

37. DIVIDENDS

	Group and Company	
	2017	2016
	$'000	$'000
Dividends paid during the year:		
Dividends on ordinary shares		
• Final exempt (one-tier) ordinary dividend for 2016 of 2.0 cent per share (2016: dividend for 2015 of 1.0 cent per share)	5,627	2,812
• Interim exempt (one-tier) dividend for 2017 of 2.0 cent per share (2016: 0.5 cent per share)	5,627	1,406
• Special (one-tier) dividend for 2017 of 2.0 cent per share (2016: 1.35 cent per share)	5,627	3,797
	16,881	8,015
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
• Final exempt (one-tier) ordinary dividend for 2017 of 2.0 cent per share (2016: 2.0 cent per share)	5,627	5,627
• Special (one-tier) dividend for 2017 of 1.0 cent per share	2,814	–
	8,441	5,627

38. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Partnership with Perennial Real Estate Holdings for HSR Healthcare Mixed-Use Developments in China

On 3 January 2018, Imagine Properties Pte Ltd ("IPPL"), a wholly-owned subsidiary, signed an agreement with Perennial Real Estate Holdings Ltd to incorporate Perennial HC Holding Pte Ltd ("Perennial HC"), with an initial committed capital contribution of US$25 million (approximately $33.6 million), representing a 5% stake in Perennial HC.

The capital commitment will be used for investing, acquiring and developing health integrated mixed-use developments, which are connected to high speed railway stations in China.

Issue of 4.0% notes payable with principal sum of $100,000,000 under the Multicurrency Medium Term Note Programme

On 17 January 2018, the Group issued 4.0% notes payable of $100,000,000 in principal amount under the Multicurrency Medium Term Note Programme.

Incorporation of a subsidiary

On 22 February 2018, Together Inc Pte Ltd, a wholly-owned subsidiary incorporated a subsidiary, BTG-Shinmei Venture Pte Ltd ("BTG-Shinmei") with a paid up capital of $3,000,000, representing 66% of the shareholdings in BTG-Shinmei.

38. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (CONT'D)

Proposed share split

On 1 March 2018, the Group has proposed a share split to its existing ordinary shares in its share capital into 2 shares for every 1 share. Upon the proposed share split, the number of issued shares will increase from 281,435,284 shares to 562,870,568 shares, assuming that no further shares are issued on or prior to the completion of the proposed share split.

The proposed share split is subject to the approval of shareholders at the Annual General Meeting of the Company and Singapore Exchange Securities Trading Limited for the listing and quotation of the additional Shares arising from the proposed share split.

Partnership with Wu Pao Chun Bakery for expansion into four major Chinese cities

On 12 March 2018, Shanghai Star Food F&B Management Co Ltd ("SHSF"), a wholly-owned subsidiary, entered into an agreement with Wu Pao Chun Food Ltd to incorporate a subsidiary, with the Group having an 80% interest, to operate Wu Pao Chun brand of bakeries in Beijing, Shanghai, Shenzhen and Guangzhou.

The registered share capital of the subsidiary will be RMB 8.0 million ($1.6 million).

39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 15 March 2018.

Statistics of Shareholdings

As at 1 March 2018

Issued and fully Paid-up Capital	:	33,303,000
Number of Ordinary Shares in Issue (excluding treasury share)	:	281,435,284
Number of Treasury Shares held and percentage	:	457,954 (0.16%)
Number of subsidiary holdings and percentage	:	Nil
Class of Shares	:	Ordinary
Voting Right	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	12	0.59	398	0.00
100 - 1,000	396	19.62	265,842	0.09
1,001 - 10,000	1,210	59.96	5,815,267	2.07
10,001 - 1,000,000	384	19.03	21,489,654	7.64
1,000,001 and above	16	0.79	253,864,123	90.20
Total	**2,018**	**100.00**	**281,435,284**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	30,982,100	11.01
2.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	29,538,863	10.50
3.	DB NOMINEES (SINGAPORE) PTE LTD	28,467,300	10.12
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	28,028,670	9.96
5.	KATHERINE LEE LIH LENG	24,542,245	8.72
6.	RAFFLES NOMINEES (PTE.) LIMITED	22,557,789	8.02
7.	HONG LEONG FINANCE NOMINEES PTE LTD	18,206,000	6.47
8.	DBS NOMINEES (PRIVATE) LIMITED	17,426,271	6.19
9.	SBS NOMINEES PRIVATE LIMITED	12,000,000	4.26
10.	UOB KAY HIAN PRIVATE LIMITED	9,409,100	3.34
11.	PHILLIP SECURITIES PTE LTD	9,297,800	3.30
12.	HL BANK NOMINEES (SINGAPORE) PTE LTD	9,180,000	3.26
13.	GEORGE QUEK MENG TONG	4,634,885	1.65
14.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,125,150	1.47
15.	DBSN SERVICES PTE. LTD.	4,068,750	1.45
16.	LIOW SIEW PIENG	1,399,200	0.50
17.	ANDRE FRANCIS MANIAM	938,700	0.33
18.	HSBC (SINGAPORE) NOMINEES PTE LTD	912,450	0.32
19.	LOY KWEE TSHIR	662,300	0.24
20.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	623,000	0.22
	Total:	**257,000,573**	**91.33**

Based on information available to the Company as at 1 Mar 2018 approximately 26.00% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with the Rule 723 (at least 10% held at public) of the Listing Manual of SGX-ST.

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 1 Mar 2018)

	Direct Interest		Deemed Interest	
Substantial Shareholders	**Shares**	**%**	**Shares**	**%**
George Quek Meng Tong[1]	95,687,660	34.00%	52,415,020	18.62%
Katherine Lee Lih Leng[1]	52,415,020	18.62%	95,687,660	34.00%
Primacy Investment Limited	39,463,500	14.02%	-	-
Paradice Investment Management LLC[2]	-	-	17,815,224	6.33%
PIM US Pty Ltd (as trustee of PIM US Unit Trust)[3]	-	-	17,815,224	6.33%
PFH (NSW) Pty Ltd (as trustee of Paradice Family Trust)[4]	-	-	17,815,224	6.33%

(1) Katherine Lee Lih Leng is the spouse of George Quek Meng Tong. Saved as disclosed above, there are no family relationship among our Directors and Substantial Shareholders.

(2) Paradise Investment Mangement LLC ("**Paradice LLC**") is a fund manager in the United States which manages various individual client portfolios under the "Global Small Mid Cap" Strategy. As fund manager, Paradice LLC has discretion and authority over the sale and purchase of the abovementioned shares, and is also entitled to exercise the votes attached to those shares on behalf of the underlying investor. Therefore, Paradice LLC has deemed interests in the abovementioned shares.

(3) PIM US Pty Ltd is the appointed trustee of PIM US Unit Trust ("**Trust**"), and holds the assets of the Trust for the benefit of the Trust's unit holders, which are all the shares in Paradice LLC, who is a fund manager in the United States, managing individual client portfolios, which includes shares in the Company. Paradice LLC has the discretion and authority over the sale and purchase, and also the ability to exercise votes attached to the shares in the Company, and therefore has deemed interest in the shares.

(4) PFH (NSW) Pty Ltd is the appointed trustee of the Paradice Family Trust ("**Paradice Family Trust**") and has legal title to the assets of the Paradice Family Trust, which includes shares in Paradice investment Management Pty Ltd ("**PIMPL**"). PFH (NSW) Pty Ltd (as trustee of Paradice Family Trust) is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in PIML, the sole shareholder of PIM US Pty Ltd.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of BreadTalk Group Limited ("**Company**") will be held at 30 Tai Seng Street, #09-01 BreadTalk IHQ Singapore 534013 on Friday, 20 April 2018 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors' Statement of the Company and the Group for the financial year ended 31 December 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of 2.0 cent per share tax exempt (one-tier) for the financial year ended 31 December 2017. (2016: 2.0 cent) **(Resolution 2)**

3. To declare a special dividend of 1.0 cent per share tax exempt (one-tier) for the financial year ended 31 December 2017. **(Resolution 3)**

4. To re-elect the following Directors of the Company retiring pursuant to Regulations 107 and 111 of the Constitution of the Company:

   Regulation 107

   Dr. George Quek Meng Tong **(Resolution 4)**
   Mr. Ong Kian Min **(Resolution 5)**

   Regulation 111

   Mr. Oh Eng Lock **(Resolution 6)**

   [See Explanatory Note (i)]

5. To approve the payment of Directors' fees of S$182,490 for the financial year ended 31 December 2017. (2016: S$177,180) **(Resolution 7)**

6. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolution, with or without any modifications:

8. **Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution):

(A) by way of renounceable rights issues on a pro rata basis to Shareholders of the Company ("**Renounceable Rights Issues**") shall not exceed 100 per centum (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in paragraph (3) below); and

(B) otherwise than by way of Renounceable Rights Issues ("**Other Share Issues**") shall not exceed fifty per centum (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (3) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (3) below);

(2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate exceed 100 per centum (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in paragraph (3) below);

(3) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1)(A) and (1)(B) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(5) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 9)**

By Order of the Board

Chew Kok Liang
Shirley Tan Sey Liy
Company Secretaries
Singapore, 22 March 2018

Explanatory Notes:

(i) Mr. Ong Kian Min will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and Nominating Committee and member of the Remuneration Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) The Ordinary Resolution 9 in item 8 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding (i) 100% for Renounceable Rights Issues and (ii) 50% for Other Share Issues, of which up to 20% may be issued other than on a pro rata basis to shareholders, provided that, the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares and subsidiary holdings).

For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time Resolution 9 is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or the vesting of share awards which are outstanding or subsisting at the time when Resolution 9 is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

The authority for 100% Renounceable Rights Issues ("**Enhanced Rights Issue Limit**") is proposed pursuant to the Singapore Exchange Limited's news release of 13 March 2017 which introduced measure to help companies raise funds expediently for expansion activities or working capital ("**SGX News Release**") and unless extended further by SGX-ST, the authority will expire on 31 December 2018. Unless renewed, the mandate sought at this meeting shall expire at the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

The Board of Directors of the Company is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholder

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.).

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 30 Tai Seng Street, #09-01 BreadTalk IHQ, Singapore 534013 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

* A "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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BREADTALK GROUP LIMITED
Company Registration No. 200302045G)
(Incorporated In the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors, who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a *member/members of **BREADTALK GROUP LIMITED** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held on Friday, 20 April 2018 at 9.30 a.m. at 30 Tai Seng Street, #09-01 BreadTalk IHQ Singapore 534013 and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No	**Resolutions relating to:**	**No. of votes 'For'****	**No. of votes 'Against'****
Ordinary Business			
1	Audited Financial Statements for the financial year ended 31 December 2017		
2	Payment of proposed final dividend		
3	Payment of proposed special dividend		
4	Re-election of Dr. George Quek Meng Tong as a Director		
5	Re-election of Mr. Ong Kian Min as a Director		
6	Re-election of Mr. Oh Eng Lock as a Director		
7	Approval of Directors' fees amounting to S$182,490 for the financial year ended 31 December 2017		
8	Re-appointment of Messrs Ernst & Young LLP as Auditors and authority to Directors to fix remuneration		
Special Business			
9	Authority to allot and issue new shares		

** If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) and/or, Common Seal of Member(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this Flap for sealing

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. If no proportion or number of shares is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 30 Tai Seng Street, #09-01 BreadTalk IHQ, Singapore 534013 not less than seventy-two (72) hours before the time appointed for the Meeting.

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BUSINESS REPLY SERVICE
PERMIT NO. 08969

SINGAPORE

The Company Secretary
BREADTALK GROUP LIMITED
30 Tai Seng Street
#09-01 BreadTalk IHQ
Singapore 534013

Fold Here

7. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised or in such manner as appropriate under applicable laws. Where the original instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the original power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the original instrument of proxy and must be left at the Registered Office, not less than seventy-two (72) hours before the time appointed for the holding of the Meeting or the adjourned Meeting at which it is to be used failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

* A "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

GENERAL:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 March 2018.

Designed and produced by **Rockstar Atelier**



BreadTalk IHQ

30 Tai Seng Street

#09-01

Singapore 534013

www.breadtalk.com

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