



Chaswood Resources Holdings Ltd.

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

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

| THE GROUP | 2ND HALF YEAR ENDED 31 DECEMBER | | | YEAR ENDED 31 DECEMBER | | |
|--|------------------------------------|-----------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|
| | 2016 (Unaudited) RM'000 | 2015 (Audited) RM'000 | Increase/ (Decrease) % | 2016 (Unaudited) RM'000 | 2015 (Audited) RM'000 | Increase/ (Decrease) % |
| Revenue | 83,731 | 87,390 | -4.2% | 166,810 | 166,510 | 0.2% |
| Cost of sales | (27,247) | (29,055) | -6.2% | (54,332) | (55,353) | -1.8% |
| Gross profit/Gross margin | 56,484 | 58,335 | -3.2% | 112,478 | 111,157 | 1.2% |
| <u>Other Items of Income</u> | | | | | | |
| Interest income | 26 | 22 | 18.2% | 48 | 43 | 11.6% |
| Other credits | - | - | N.M | - | 443 | N.M |
| <u>Other Items of Expense</u> | | | | | | |
| Marketing and distribution costs | (3,415) | (1,352) | N.M | (7,067) | (5,125) | 37.9% |
| Administrative expenses | (50,928) | (58,092) | -12.3% | (101,582) | (105,759) | -3.9% |
| Finance costs | (2,229) | (2,046) | 8.9% | (3,793) | (2,946) | 28.8% |
| Other losses | (1,312) | (2,243) | -41.5% | (1,332) | (2,240) | -40.5% |
| Other expenses | 2,541 | (4,010) | N.M | (865) | (7,484) | -88.4% |
| Loss before taxation | 1,167 | (9,386) | N.M | (2,113) | (11,911) | -82.3% |
| Income tax expense | (2,251) | (1,081) | 108.2% | (3,044) | (1,878) | 62.1% |
| Loss after taxation | (1,084) | (10,467) | N.M | (5,157) | (13,789) | -62.6% |
| Other comprehensive loss net of tax:- | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Exchange differences on translating foreign operations | (767) | 3,604 | N.M | 1,284 | 4,695 | N.M |
| Total comprehensive loss | (1,851) | (6,863) | -73.0% | (3,873) | (9,094) | -57.4% |
| Loss attributable to owners of the company, net of tax | (1,054) | (10,585) | N.M | (5,127) | (13,786) | -62.8% |
| Loss attributable to non-controlling interests, net of tax | (30) | 118 | N.M | (30) | (3) | N.M |
| Loss after tax | (1,084) | (10,467) | N.M | (5,157) | (13,789) | -62.6% |
| Total comprehensive loss attributable to owners of the company, net of tax | (1,849) | (6,898) | -73.2% | (3,871) | (9,119) | -57.6% |
| Total comprehensive loss attributable to non-controlling interests, net of tax | (2) | 35 | N.M | (2) | 25 | N.M |
| Total comprehensive loss | (1,851) | (6,863) | -73.0% | (3,873) | (9,094) | -57.4% |

N.M: Not Meaningful



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1(a)(ii) Other Information

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

| THE GROUP | 2ND HALF YEAR ENDED 31 DECEMBER | | | YEAR ENDED 31 DECEMBER | | |
|---|------------------------------------|---------------------|-------------------------|------------------------|---------------------|-------------------------|
| | 2016 | 2015 | Increase/ (Decrease) | 2016 | 2015 | Increase/ (Decrease) |
| | (Unaudited) RM'000 | (Audited) RM'000 | % | (Unaudited) RM'000 | (Audited) RM'000 | % |
| Depreciation of property and equipment | 4,726 | 3,930 | N.M | 7,869 | 7,281 | 8.1% |
| Depreciation expense write-back | (7,430) | 0 | N.M | (7,430) | 0 | N.M |
| Amortisation of franchise fees | 163 | 81 | N.M | 426 | 203 | N.M |
| (Gain) / loss on disposal of property and equipment | (589) | 528 | N.M | (569) | 528 | N.M |
| Impairment allowance on franchise fees | 1,183 | - | N.M | 1,183 | - | N.M |
| Property and equipment written off | 1,723 | 1,712 | 0.6% | 1,723 | 1,712 | 0.6% |
| Fair value adjustment on earn-out payable | (1,005) | - | N.M | (1,005) | - | N.M |
| Exchange loss / (gain) | 771 | (455) | N.M | 804 | (443) | N.M |
| Interest Income | (26) | (22) | 18.2% | (48) | (43) | 11.6% |
| Interest expense | 2,229 | 2,046 | 8.9% | 3,793 | 2,946 | 28.8% |

N.M: Not Meaningful



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

| | The Group | | The Company | |
|--|---|---|---|---|
| | 31 December 2016 RM'000 (Unaudited) | 31 December 2015 RM'000 (Audited) | 31 December 2016 RM'000 (Unaudited) | 31 December 2015 RM'000 (Audited) |
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property and Equipment | 61,205 | 62,177 | - | - |
| Intangible Assets | 15,467 | 16,547 | - | - |
| Investment in Subsidiaries | - | - | 150,000 | 150,000 |
| Total Non-Current Assets | 76,672 | 78,724 | 150,000 | 150,000 |
| Current Assets | | | | |
| Inventories | 3,718 | 3,810 | - | - |
| Trade and Other Receivables | 8,354 | 6,199 | 2,268 | 2,091 |
| Other Assets | 17,478 | 14,836 | - | - |
| Cash and Cash Equivalents | 8,120 | 14,814 | - | - |
| Total Current Assets | 37,670 | 39,659 | 2,268 | 2,091 |
| Non-current assets classified as held for sale | 583 | - | - | - |
| Total Assets | 114,925 | 118,383 | 152,268 | 152,091 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share Capital | 24,464 | 20,776 | 162,132 | 158,444 |
| Capital Reserves | 2,267 | 4,669 | 34 | 2,543 |
| Accumulated Losses | (10,367) | (5,240) | (12,045) | (9,851) |
| Total Equity Attributable to Owners of the Parent | 16,364 | 20,205 | 150,121 | 151,136 |
| Non-Controlling Interest | (159) | (127) | - | - |
| Total Equity | 16,205 | 20,078 | 150,121 | 151,136 |
| Non-Current Liabilities | | | | |
| Deferred Tax Liabilities | 4,167 | 2,639 | - | - |
| Other Financial Liabilities | 19,152 | 32,072 | - | - |
| Total Non-Current Liabilities | 23,319 | 34,711 | - | - |
| Current Liabilities | | | | |
| Provision for Taxation | - | 1,636 | - | - |
| Trade and Other Payables | 51,411 | 45,202 | 2,147 | 955 |
| Other Financial Liabilities | 23,675 | 16,362 | - | - |
| Other Liabilities, current | 315 | 394 | - | - |
| Total Current Liabilities | 75,401 | 63,594 | 2,147 | 955 |
| Total Liabilities | 98,720 | 98,305 | 2,147 | 955 |
| Total Equity and Liabilities | 114,925 | 118,383 | 152,268 | 152,091 |



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

Amount repayable in one year or less, or on demand

| | 31 December 2016 | | 31 December 2015 | |
|---------------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| | RM'000 (Secured) | RM'000 (Unsecured) | RM'000 (Secured) | RM'000 (Unsecured) |
| Finance lease payables | 276 | - | 146 | - |
| Exchangeable bonds | 9,344 | - | - | - |
| Interest bearing loans and borrowings | 14,055 | - | 16,216 | - |
| | <u>23,675</u> | <u>-</u> | <u>16,362</u> | <u>-</u> |

Amount repayable after one year

| | 31 December 2016 | | 31 December 2015 | |
|---------------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| | RM'000 (Secured) | RM'000 (Unsecured) | RM'000 (Secured) | RM'000 (Unsecured) |
| Finance lease payables | 8 | - | 98 | - |
| Exchangeable bonds | - | - | 9,662 | - |
| Interest bearing loans and borrowings | 19,144 | - | 22,312 | - |
| | <u>19,152</u> | <u>-</u> | <u>32,072</u> | <u>-</u> |

Details of any collateral

- (1) The bills payable and bank overdrafts are secured by:-
 - (i) Fixed and floating charges over all the present and future assets of certain subsidiaries;
 - (ii) Pledge of fixed deposits with licensed banks; and
 - (iii) Corporate guarantees of the Company and Chaswood Resources Sdn Bhd.
- (2) The term loans are secured by:-
 - (i) Fixed and floating charges over all present and future assets of certain subsidiaries; and
 - (ii) Pledge of fixed deposits with licensed banks of the Group.

Certain of the term loans are also secured by:

 - (i) Corporate guarantees of the Company and Chaswood Resources Sdn Bhd; and
 - (ii) Legal assignment to the lender of all rights, titles, benefits and interests in insurance policies of certain subsidiaries.
- (3) The obligations under finance lease payables are secured by the lessor's charge over the leased assets.
- (4) The Exchangeable Bonds are secured by a corporate guarantee of the Company. As at end of FY2016, the Exchangeable Bonds have been reclassified to current liability as they would mature on 23 April 2017.



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

| | 2ND HALF YEAR ENDED 31 DECEMBER | | YEAR ENDED 31 DECEMBER | |
|--|---------------------------------|---------------------------|-----------------------------|---------------------------|
| | Unaudited 2016 RM'000 | Audited 2015 RM'000 | Unaudited 2016 RM'000 | Audited 2015 RM'000 |
| Cash Flows From Operating Activities | | | | |
| Profit/(Loss) before tax | 1,167 | (9,386) | (2,113) | (11,911) |
| Adjustment for: | | | | |
| Depreciation write-back | (7,430) | - | (7,430) | - |
| Amortisation of franchise agreement cost | 163 | 81 | 426 | 203 |
| Impairment allowance on franchise agreement cost | 1,183 | - | 1,183 | - |
| Depreciation of property and equipment | 4,726 | 3,970 | 7,869 | 7,281 |
| Property and equipment written-off | 1,723 | 1,712 | 1,723 | 1,712 |
| (Gain)/Loss on disposal of property and equipment | (589) | 528 | (569) | 528 |
| Fair value adjustment on earn-out payable | (1,005) | - | (1,005) | - |
| Interest income | (4) | (22) | (26) | (43) |
| Interest expense | 2,229 | 2,046 | 3,793 | 2,946 |
| Operating Profit/(Loss) Before Working Capital Changes | 2,163 | (1,071) | 3,851 | 716 |
| Inventories | (126) | 944 | 92 | 926 |
| Trade and Other Receivables | (1,802) | 11,501 | (2,155) | 9,104 |
| Other Assets, Current | (263) | 1,390 | (2,642) | 227 |
| Trade and Other Payables | 8,008 | 5,289 | 8,790 | 9,472 |
| Net Cash Flows From Operations | 7,980 | 18,053 | 7,936 | 20,445 |
| Tax Paid | (1,973) | (612) | (3,987) | (2,948) |
| Net Cash Flows From Operating Activities | 6,007 | 17,441 | 3,949 | 17,497 |
| Balance carried forward | 6,007 | 17,441 | 3,949 | 17,497 |



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

| | 2ND HALF YEAR ENDED 31 DECEMBER | | YEAR ENDED 31 DECEMBER | |
|--|---------------------------------|---------------------------|-----------------------------|---------------------------|
| | Unaudited 2016 RM'000 | Audited 2015 RM'000 | Unaudited 2016 RM'000 | Audited 2015 RM'000 |
| Balance brought forward | 6,007 | 17,441 | 3,949 | 17,497 |
| Cash Flows From Investing Activities | | | | |
| Purchases of Property and Equipment | (1,784) | (3,782) | (2,418) | (6,459) |
| Net Proceeds from Disposal | 897 | 440 | 1,293 | 440 |
| Acquisition of subsidiaries | - | (188) | - | (10,414) |
| Interest Received | 4 | 22 | 26 | 43 |
| Net Cash Flows Used in Investing Activities | (883) | (3,508) | (1,099) | (16,390) |
| Cash Flows From Financing Activities | | | | |
| Decrease in Bills Payable | - | (152) | - | (556) |
| Drawdown of Borrowings | - | (238) | 5,082 | 12,525 |
| Repayment of Borrowings | (5,849) | (4,348) | (10,713) | (7,452) |
| Repayment of Finance Lease Payables | (63) | (190) | (121) | (322) |
| Cash Restricted in Use | (583) | (439) | (606) | 345 |
| Net proceeds from issuance of redeemable exchangeable bonds | - | (113) | - | 3,900 |
| Interest Paid | (2,229) | (1,350) | (3,793) | (2,366) |
| Net Cash Flows (Used in) from Financing | (8,724) | (6,830) | (10,151) | 6,074 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (3,600) | 7,103 | (7,301) | 7,181 |
| Foreign Exchange Differences | 106 | 278 | 50 | 278 |
| Cash and Cash Equivalents At the Beginning Of The Financial Period / Year | 3,942 | 318 | 7,699 | 240 |
| Cash and Cash Equivalents At the End Of The Financial Period / Year | 448 | 7,699 | 448 | 7,699 |
| Cash and cash equivalents:- | | | | |
| Not restricted in use | 4,703 | 12,003 | 4,703 | 12,003 |
| Restricted in use | 3,417 | 2,811 | 3,417 | 2,811 |
| | 8,120 | 14,814 | 8,120 | 14,814 |
| Cash and cash equivalents in the Statement of Cash Flows:- | | | | |
| Amount as shown above | 8,120 | 14,814 | 8,120 | 14,814 |
| Bank Overdraft | (4,255) | (4,304) | (4,255) | (4,304) |
| Cash restricted in use over 3 months | (3,417) | (2,811) | (3,417) | (2,811) |
| At the end of the financial period / year | 448 | 7,699 | 448 | 7,699 |



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

| The Group | Attributable to owners of the Company | | | Total | Non-Controlling Interests | Total Equity |
|---|---------------------------------------|---------------|----------------------|---------------|---------------------------|---------------|
| | Share Capital | Other Reserve | (Accumulated Losses) | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2016 | 20,776 | 4,669 | (5,240) | 20,205 | (127) | 20,078 |
| Total comprehensive income/(loss) for the year | | | | | | |
| Loss for the financial year | - | - | (5,127) | (5,127) | (30) | (5,157) |
| Share Placement | 3,688 | (3,688) | - | - | - | - |
| Effect of translation of net assets of foreign subsidiaries | - | 1,286 | - | 1,286 | (2) | 1,284 |
| Total comprehensive income/(loss) for the year | 3,688 | (2,402) | (5,127) | (3,841) | (32) | (3,873) |
| Balance as at 31 December 2016 (unaudited) | 24,464 | 2,267 | (10,367) | 16,364 | (159) | 16,205 |
| Balance as at 1 January 2015 | 20,776 | (108) | 8,546 | 29,214 | (152) | 29,062 |
| Total comprehensive income/(loss) for the year | | | | | | |
| Loss for the financial year | - | - | (13,786) | (13,786) | (3) | (13,789) |
| Effect of translation of net assets of foreign subsidiaries | - | 4,667 | - | 4,667 | 28 | 4,695 |
| Total comprehensive income/(loss) for the year | - | 4,667 | (13,786) | (9,119) | 25 | (9,094) |
| Issuance of redeemable exchangeable bonds | - | 110 | - | 110 | - | 110 |
| Balance as at 31 December 2015 | 20,776 | 4,669 | (5,240) | 20,205 | (127) | 20,078 |



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

The Company

| | Share Capital RM'000 | Other Reserve RM'000 | (Accumulated Losses) RM'000 | Total Equity RM'000 |
|---|----------------------------|----------------------------|-----------------------------------|---------------------------|
| Balance as at 1 January 2016 | 158,444 | 2,543 | (9,851) | 151,136 |
| Total comprehensive income/(loss) for the year | | | | |
| Loss for the financial year | - | - | (2,194) | (2,194) |
| Share Placement | 3,688 | (3,688) | - | - |
| Foreign currency translation | - | 1,179 | - | 1,179 |
| Total comprehensive income/(loss) for the year | 3,688 | (2,509) | (2,194) | (1,015) |
| Balance as at 31 December 2016 (unaudited) | 162,132 | 34 | (12,045) | 150,121 |
| Balance as at 1 January 2015 | 158,444 | 155 | (9,041) | 149,558 |
| Total comprehensive income/(loss) for the year | | | | |
| Loss for the financial period | - | - | (810) | (810) |
| Foreign currency translation | - | 2,388 | - | 2,388 |
| Total comprehensive income / (loss) for the year | - | 2,388 | (810) | 1,578 |
| Balance as at 31 December 2015 | 158,444 | 2,543 | (9,851) | 151,136 |



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

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

| Issued and paid up share capital | Number of shares | Issued and paid up share capital (RM) |
|---|------------------|---------------------------------------|
| Share capital as at 30 June 2016 and 31 December 2016 | 250,605,231 | 162,131,973 |

| | As at 31 December 2016 | As at 31 December 2015 |
|---|------------------------|------------------------|
| | Shares ('000) | Shares ('000) |
| Additional shares that would be issued on conversion of all convertible instruments | 10,000 | 10,000 |

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

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



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

| | As at 31 December 2016 | As at 31 December 2015 |
|---|---------------------------------------|---------------------------------------|
| Total number of issued shares excluding treasury shares | 250,605,231 | 226,817,819 |

The Company entered into a subscription agreement (“Subscription Agreement”) with the Subscribers to allot and issue an aggregate of 23,787,412 new ordinary shares in the share capital of the Company (“Placement Shares”) at an issue price of S\$0.051 per Placement Share (“Placement Price”), amounting to an aggregate consideration of approximately S\$1,213,158 and this has been approved at the Extraordinary General Meeting (“EGM”) convened on 24 February 2016. 23,787,412 Placement shares were issued and allotted on 4 March 2016. As at the date of this announcement, the net proceeds have been fully utilised for the intended purposes of (i) settling the Group’s general overheads, (ii) settling amounts owing to trade payables and other operating expenses, which are or were incurred in the normal course of business of the Group and (iii) repayment of loans.

The Company has no treasury shares as at 31 December 2015 and 31 December 2016.

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

Not applicable.

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

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

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

Not applicable.

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

The accounting policies and methods of computation are consistent with the most recent audited financial statements for the year ended 31 December 2015.

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

The Group has adopted all new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016. The adoption of these new/revised FRS and INT FRS does not result in substantial change to the Group’s and Company’s accounting policies or have any significant impact on the financial statements.



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

| | THE GROUP YEAR ENDED 31 DECEMBER | | THE GROUP HALF YEAR ENDED 30 JUNE | |
|---|-------------------------------------|----------|--------------------------------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| Net loss attributable to shareholders of the Company (RM'000) | (5,127) | (13,786) | (4,073) | (10,585) |
| (a) Basic Loss per share (RM sen) | (2.0) | (6.1) | (1.6) | (4.7) |
| (b) Diluted Loss per share (RM sen) | N.A | N.A | N.A | N.A |
| Weighted average number of ordinary shares in issue ('000) | 250,605 | 226,818 | 250,605 | 226,818 |

N.A: Not applicable

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



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

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

| | The Group | | The Company | |
|---|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | 31 December 2016 (Unaudited) | 31 December 2015 (Audited) | 31 December 2016 (Unaudited) | 31 December 2015 (Audited) |
| Net asset value per ordinary share (RM sen) | 6.5 | 8.9 | 59.9 | 66.6 |

Net asset value per ordinary share of the Group and the Company was calculated based on 250,605,231 shares (2015: 226,817,819 shares) in issue at the end of the financial year/period.

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Financial Performance

Revenue

Revenue in FY2016 and FY2015 were fairly consistent at approximately RM166.8 million and RM166.5 million respectively. The China subsidiaries which were acquired in FY2015 contributed to additional revenue of approximately RM12.5 million in FY2016. However, the Group's revenue from the existing operations particularly in Malaysia has decreased as consumer sentiment continued to be weak due to market uncertainty, rising cost of living and the weakening of the Malaysian currency.

Gross profit and gross profit margin

Gross profit increased by approximately RM1.3 million, or 1.2%, from approximately RM111.2 million in FY2015 to approximately RM112.5 million in FY2016. The increase was due to higher gross profit margin from approximately 66.7% in FY2015 to approximately 67.4% in FY2016 which was mainly contributed by effective sourcing of local ingredients and negotiations with suppliers.



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(Company Registration No. 200401894D)

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Marketing and Distribution Costs

Marketing and distribution costs were higher by approximately RM2.0 million from approximately RM5.1 million in FY2015 to approximately RM7.1 million in FY2016. The lower costs in FY2015 was mainly due to the waiver of royalty fees of approximately RM2.1 million from franchisor pursuant to the acquisition of the China operations in FY2015.

Administrative expenses

Administrative expenses decreased by approximately RM4.2 million, or 3.9%, from approximately RM105.7 million in FY2015 to approximately RM101.5 million in FY2016. Generally, the existing operations incurred lower administrative expenses which resulted from cost cutting measures undertaken by the Group.

Finance costs

Finance costs increased by approximately RM0.8 million, or 28.8%, from approximately RM2.9 million in FY2015 to approximately RM3.8 million in FY2016 mainly due to the higher interest expense in relation to the drawdown of term loans to finance the acquisition of the China operations and new outlet in Indonesia.

Other losses

Other losses decreased by approximately RM0.9 million in FY2016 as compared to FY2015 mainly due to the favourable fair value adjustment of RM1 million on earn-out payable.

Other expenses

Other expenses, which consist of depreciation and amortisation of franchise fees decreased by approximately RM6.6 million, from approximately RM7.5 million in FY2015 to approximately RM0.9 million in FY2016. The decrease was mainly due to the write back of depreciation for the China subsidiaries amounting to approximately RM7.4 million to align the China subsidiaries' depreciation policies with those of the Group. Lower depreciation was also due to closure of certain non-performing outlets in FY2015.

Income tax

There was tax charge for FY2015 and FY2016 despite the losses before tax mainly due to certain expenses such as impairment allowance on franchise fee and/or equipment write-off, which were not tax deductible.

Income tax expense increased by approximately RM1.1 million, or 62.1%, from approximately RM1.8 million in FY2015 to approximately RM3.0 million in FY2016 was mainly due to the provision of deferred tax for the write back of depreciation for the China subsidiaries.



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Review of Financial Position

Non-current assets

Property and equipment decreased from approximately RM62.1 million as at 31 December 2015 to approximately RM61.2 million as at 31 December 2016 mainly due to depreciation charges of approximately RM7.8 million, offsetted by the write back of depreciation approximately RM7.4 million following adjustments made to align the China subsidiaries' depreciation policies with those of the Group.

Intangible assets comprise of franchise fee and goodwill arising from acquisition of the China subsidiaries. The decrease from approximately RM16.5 million as at 31 December 2015 to approximately RM15.5 million as at 31 December 2016 was mainly due to the impairment allowance for franchise fee amounting to RM1.0 million.

Non-current assets classified as held for sale amounting to approximately RM0.6 million was valued at their carrying value. The proceeds are intended to be used for working capital purposes.

Current assets

Trade and other receivables increased from approximately RM6.2 million as at 31 December 2015 to approximately RM8.3 million as at 31 December 2016 mainly due to the increase in uncredited credit card collections.

Inventories decreased from approximately RM3.8 million as at 31 December 2015 to approximately RM3.7 million as at 31 December 2016 mainly due to lower inventory holding.

Other assets relate to (i) deposits placed with the lessors for the leases of the Group's outlets which are due within one year and (ii) prepayments and booking fees for identified sites for new outlets. The increase from RM14.8 million as at 31 December 2015 to RM17.4 million as at 31 December 2016 was mainly due to additional payment of rental deposits.

Assets held for sale amounting to approximately RM0.6 million relate to properties which are in the process of sale and were valued at their carrying value. The proceeds from the sale are intended to be used for working capital purposes.

Current liabilities

Trade and other payables increased from RM45.2 million as at 31 December 2015 to RM51.4 million as at 31 December 2016 as the Group has obtained more favourable credit term from trade and other payables.

Other financial liabilities comprise of term loan, hire purchase, bills payables and bank overdraft facilities granted by financial institutions. The increase in bank borrowings from RM16.4 million as at 31 December 2015 to RM23.7 million as at 31 December 2016 was mainly due to the reclassification of the Exchangeable Bonds amounting to approximately RM9.3 million from non-current to current liabilities as they would mature on 23 April 2017.

Provision for taxation

Provision for taxation decreased by RM1.6 million due to payment of tax for the previous year.



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Working capital

The Group's net current liabilities increased by approximately RM13.8 million from approximately RM23.9 million as at 31 December 2015 to approximately RM37.7 million as at 31 December 2016 mainly due to the reclassification of the Exchangeable Bonds which would mature on 23 April 2017, increase in trade and other payables coupled with additional drawdown of borrowing from the financial institution during the period.

The Group is currently exploring options to restructure the Exchangeable Bonds.

Non-current liabilities

Other financial liabilities mainly consist of term loans and hire purchase payables. The decrease was from RM34.7 million as at 31 December 2015 to RM23.3 million as at 31 December 2016 was mainly due to reclassification of the Exchangeable Bonds which would mature on 23 April 2017 from non-current to current liabilities and repayment of bank borrowings during the period.

Exchangeable Bonds

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

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

Review of Statement of Cash Flows

Cash flows from operating activities

Cash inflow from operating activities before working capital amounted to approximately RM3.8 million. Net cash from operating activities of approximately RM3.3 million was mainly from an increase in trade and other receivables of RM2.1 million, prepaid deposits of approximately RM2.6 million, tax payment of approximately RM3.9 million, offsetted by decrease in inventories of approximately RM0.1 mil and higher trade and other payables of approximately RM 8.2 million.

Cash flows used in investing activities

Net cash used in investing activities of approximately negative RM1.0 million was mainly for the purchase of property and equipment for new outlets amounted to approximately RM2.4 million, offsetted by the net proceeds from sale of properties which amounted of approximately RM1.3 million.



FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Cash flows used in financing activities

Net cash used in financing activities of approximately RM10.1 million was mainly from the drawdown of term loan facilities of approximately RM5.0 million; and offsetted by the repayment of term loans (principal plus interest) of approximately RM14.5 million and fixed deposits pledged of approximately RM0.6 million.

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

Not applicable.

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

In 2016, the Group and the F&B retail industry continued to face difficult operating environment, particularly in Malaysia, with weak consumer sentiment due to the rising cost of living, the slower global economy and further weakening of Malaysian currency.

The Group has taken proactive measures to implement cost rationalization exercises which include improving operational efficiency (including procuring the right management resources to drive efficiency) and reducing head office expenses. These measures have partially cushioned the financial impact during this challenging period and will provide a stronger infrastructure in the coming year particularly when the economy and consumer sentiment improves.

The Group will focus on strengthening the operations for its core brands and continue to implement various marketing/promotional strategies to drive sales.

Meanwhile, the Group is also exploring various options to recapitalize its balance sheet to address its net current liability position.

11. Dividend

(a) Current Financial period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial period

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.



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

No dividend has been declared/recommended for the year ended 31 December 2016.

13. Interested Person Transactions

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

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

Business segment

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

Geographical segment

The geographical segment is presented as follows:



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| | Malaysia RM000 | Singapore RM000 | Thailand RM000 | Indonesia RM000 | China RM000 | Others RM000 | Adjustment RM000 | Total RM000 |
|--|-------------------|--------------------|-------------------|--------------------|----------------|-----------------|---------------------|----------------|
| Year ended 31 December 2016 (Unaudited) | | | | | | | | |
| Revenues from external customers | 106,480 | - | - | 18,161 | 42,169 | - | - | 166,810 |
| Recurring earnings/(loss) before interest,taxes, depreciation and amortization | 2,635 | (162) | 236 | 758 | 1,166 | - | - | 4,633 |
| Finance cost | (2,624) | (1,169) | - | - | - | - | - | (3,793) |
| Depreciation | (4,017) | - | (292) | (685) | (2,875) | - | - | (7,869) |
| Depreciation write-back | - | - | - | - | - | - | 7,430 | 7,430 |
| Amortisation | (147) | - | - | (71) | (208) | - | - | (426) |
| Operating loss before taxation | (4,153) | (1,331) | (56) | 2 | (1,917) | - | 7,430 | (25) |
| Property and Equipment Written Off | (687) | - | (220) | (15) | (801) | - | - | (1,723) |
| Impairment allowance on franchise fees | - | (226) | - | - | - | (957) | - | (1,183) |
| Fair value adjustment on earn-out payable | 1,005 | - | - | - | - | - | - | 1,005 |
| Interest Income | 48 | - | - | - | - | - | - | 48 |
| Gain/(Loss) on disposal of property and equipment | 569 | - | - | - | - | - | - | 569 |
| Loss on foreign exchange | (795) | - | - | (9) | - | - | - | (804) |
| Loss before tax | (4,013) | (1,557) | (276) | (22) | (2,718) | (957) | 7,430 | (2,113) |
| Income tax expense | (1,136) | 101 | - | (226) | - | - | (1,783) | (3,044) |
| Profit/(Loss) after tax | (5,149) | (1,456) | (276) | (248) | (2,718) | (957) | 5,647 | (5,157) |
| Year ended 31 December 2016(Unaudited) | | | | | | | | |
| Assets and Liabilities | | | | | | | | |
| Segment assets | | | | | | | | |
| Cash and cash equivalents | 4,383 | 14 | - | 1,126 | 2,597 | - | - | 8,120 |
| Trade and other receivables | 495 | 406 | 6 | 2,814 | 4,633 | - | - | 8,354 |
| Inventories | 2,476 | - | 0 | 403 | 839 | - | - | 3,718 |
| Other assets | 15,338 | 49 | - | 2,090 | - | - | - | 17,478 |
| Intangible assets | 14,890 | - | - | 577 | - | - | - | 15,467 |
| Property and equipment | 46,900 | - | 21 | 8,453 | 5,830 | - | - | 61,205 |
| Non-current assets classified as held for sale | 583 | - | - | - | - | - | - | 583 |
| Total assets | 85,066 | 470 | 27 | 15,464 | 13,899 | - | - | 114,925 |
| Segmental liabilities | | | | | | | | |
| Deferred and current tax liabilities | 2,352 | - | - | - | 32 | - | 1,783 | 4,167 |
| Exchangeable Bonds | - | 9,344 | - | - | - | - | - | 9,344 |
| Borrowings | 27,990 | - | - | - | - | - | - | 27,990 |
| Earn Out Payable | 5,493 | - | - | - | - | - | - | 5,493 |
| Trade and other payables | 35,104 | 3,755 | 352 | 6,119 | 6,083 | - | - | 51,411 |
| Other liabilities | 315 | - | - | - | - | - | - | 315 |
| Total liabilities | 71,253 | 13,099 | 352 | 6,119 | 6,115 | - | 1,783 | 98,720 |
| Other Segment Information | | | | | | | | |
| Expenditure for non-current assets: | | | | | | | | |
| Property and equipment | 937 | - | - | 624 | 274 | - | - | 1,835 |
| | 937 | - | - | 624 | 274 | - | - | 1,835 |
| Other non-cash expenses other than depreciation/amortisation | | | | | | | | |
| - Property and equipment written off | 687 | - | 220 | 15 | 801 | - | - | 1,723 |
| - Fair value adjustment on earn-out payable | (1,005) | - | - | - | - | - | - | (1,005) |
| - Impairment allowance on franchise fee | - | 226 | - | - | - | 957 | - | 1,183 |
| | (318) | 226 | 220 | 15 | 801 | 957 | - | 1,901 |



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| | Malaysia RM'000 | Singapore RM'000 | Thailand RM'000 | Indonesia RM'000 | China RM'000 | Others RM'000 | Adjustment RM'000 | Total RM'000 |
|--|--------------------|---------------------|--------------------|---------------------|-----------------|------------------|----------------------|-----------------|
| Year ended 31 December 2015 (Audited) | | | | | | | | |
| Revenues from external customers | 119,950 | 4,111 | 270 | 12,495 | 29,684 | - | | 166,510 |
| Recurring earnings/(loss) before interest,taxes, depreciation and amortization ("EBITDA") | 1,838 | (2,288) | (319) | 68 | 1,017 | - | | 316 |
| Finance cost | (2,036) | (889) | - | (21) | - | - | | (2,946) |
| Depreciation | (4,261) | (84) | (540) | (516) | (1,880) | - | | (7,281) |
| Amortisation | (147) | - | - | (56) | - | - | | (203) |
| Operating loss before taxation | (4,606) | (3,261) | (859) | (525) | (863) | - | | (10,114) |
| Property and Equipment Written Off | (295) | - | - | - | (1,417) | - | | (1,712) |
| Impairment allowance on equipment | (176) | (352) | - | - | - | - | | (528) |
| Impairment allowance on franchise fees | (64) | 80 | 425 | 2 | - | - | | 443 |
| Profit/(loss) before tax | (5,141) | (3,533) | (434) | (523) | (2,280) | - | | (11,911) |
| Income tax expense | (1,838) | (6) | - | (34) | - | - | | (1,878) |
| Profit/(loss) after tax | (6,979) | (3,539) | (434) | (557) | (2,280) | - | | (13,789) |
| Year ended 31 December 2015 (Audited) | | | | | | | | |
| Assets and Liabilities | | | | | | | | |
| Segment assets | | | | | | | | |
| Cash and cash equivalents | 4,150 | 115 | - | 971 | 9,578 | - | | 14,814 |
| Trade and other receivables | 1,120 | - | 42 | 2,831 | 2,206 | - | | 6,199 |
| Inventories | 2,625 | 23 | 5 | 427 | 730 | - | | 3,810 |
| Other assets | 12,209 | 635 | - | 1,992 | - | - | | 14,836 |
| Intangible assets | 14,861 | 228 | - | 619 | 839 | - | | 16,547 |
| Property and equipment | 44,013 | - | 418 | 8,514 | 9,232 | - | | 62,177 |
| Total assets | 78,978 | 1,001 | 465 | 15,354 | 22,585 | - | | 118,383 |
| Segmental liabilities | | | | | | | | |
| Deferred and current tax liabilities | 4,275 | - | - | - | - | - | | 4,275 |
| Exchangeable Bonds | - | 9,662 | - | - | - | - | | 9,662 |
| Borrowings | 33,408 | - | - | - | - | - | | 33,408 |
| Earn Out Payable | 5,364 | - | - | - | - | - | | 5,364 |
| Trade and other payables | 26,137 | 3,289 | 264 | 7,277 | 8,235 | - | | 45,202 |
| Other liabilities | 394 | - | - | - | - | - | | 394 |
| Total liabilities | 69,578 | 12,951 | 264 | 7,277 | 8,235 | - | | 98,305 |
| Other Segment Information | | | | | | | | |
| Expenditure for non-current assets: | | | | | | | | |
| Property and equipment | 3,717 | - | - | 1,249 | 1,493 | - | | 6,459 |



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

Please refer to Paragraph 8.

- 16 Breakdown of sales

| THE GROUP | YEAR ENDED 31 DECEMBER | | |
|--|-------------------------------|-----------------------------|--------------|
| | 2016 RM'000 (Unaudited) | 2015 RM'000 (Audited) | Changes % |
| (a) Sales reported for first half year | 83,079 | 79,120 | 5.0% |
| (b) Profit / (loss) attributable to shareholders reported for first half year | (4,073) | (3,201) | 27.2% |
| (c) Sales reported for second half year | 83,731 | 87,390 | -4.2% |
| (b) Profit / (loss) attributable to shareholders reported for second half year | <u>(1,054)</u> | <u>(10,585)</u> | 90.0% |

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

None.

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

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year position was held | Details of changes in duties and position held, if any, during the year |
|---------------------------|-----|--|---|---|
| Nicol Roach Reddy | 35 | Son of Andrew Roach Reddy, the Managing Director of the Company | Chief Operating Officer 7 th November 2014 | Not applicable |
| Louisa Benny George Benny | 37 | Niece of Andrew Roach Reddy, the Managing Director of the Company | Head Designer 1 st July 2008 | Not applicable |



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On behalf of the Board of Directors

Ng Teck Wah
Non-Executive Chairman

Andrew Roach Reddy
Managing Director

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

1 March 2017

This Announcement and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST and Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Eric Wong (Director, Investment Banking), CIMB Bank Berhad, Singapore Branch, 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 63375115.