ABR HOLDINGS LIMITED

ANNUAL REPORT 2016

Treats for Generations

Generations of Treats

CONTENTS

ABOUT US

ABR Holdings Limited ("ABR") began as the owner and operator of the first full-service Swensen's ice cream restaurant in Singapore back in 1979. The Swensen's brand, with over 25 restaurants in Singapore, remains one of the market leaders in the western casual dining category and one of the preferred choices in good value family dining.

For the past 37 years, we have continuously honed our craft in managing, developing and offering families in Singapore and the region quality F&B selections that cater to the palates of everyone – young and old. Our brands offer a wide selection of choices that cater to a wide spectrum of the market and have remained popular with many Singaporeans over the years. Moving forward, we will continue to develop and evolve our brands to widen our customer base, attract new customers and ensure that we remain relevant for generations to come. Our customers remain the key to everything we do as we engage them to ensure they continue to enjoy each and every experience with us.

MESSAGE FROM THE EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

We are pleased to present you with the Annual Report of ABR Holdings Limited ("ABR" or the "Group") for the financial year ended 31 December 2016 ("FY2016"). The year in review continued to pose challenges amidst an uncertain economic environment. Notwithstanding the weak business sentiments, the Group remained profitable and delivered modest performance in FY2016.

REVIEW OF PERFORMANCE

In FY2016, Group revenue increased 3.5% to $103.9 million against $100.4 million in the previous year ("FY2015") mainly due to the revenue contribution of new outlets opened during the year.

Group profit before tax registered was $6.7 million, translating to a 24.6% decrease as compared to $8.9 million in FY2015. Despite registering an increase in revenue, the Group's profit margin was impacted by higher operating costs and one-off expenses incurred for the proposed renovation of the Group's building.

Consequently, the Group registered a profit after tax of $5.6 million, which was a decline of 26.0% from $7.6 million in FY2015. After deducting the share of profit attributable to non-controlling interests, the Group turned in a profit attributable to owners of the Company of $5.4 million at 29.2% lower against $7.6 million in the previous year.

Our Swensen's operations in Singapore continued to be the key contributor to the Group revenue and profit. We are encouraged by the improved performance of our Malaysian operations despite the weakening effect of the Malaysian Ringgit against the Singapore Dollar. With more outlets under its stable, Tip Top Curry Puffs also turned in an improved performance compared to FY2015.

STEERING THROUGH A CHALLENGING FY2016

FY2016 has been a competitive and challenging year, affected by the sustained slowdown of the global economy. Businesses continued to face volatility in material costs, escalating rental, tight labour market, weak consumer sentiment and increasing competition. In the midst of widespread economic uncertainty, consumers have tightened their spending with more turning to casual dining over fine dining. This has fuelled more casual dining concepts to enter the F&B scene alongside more Halal-certified establishments. Rental rates at prime locations remain firmly supported with no signs of abating, while human resources require active management with challenges such as staffing shortages.

During the year in review, we sought to streamline our operations with a focus on achieving sustainable growth and creating long-term value. To drive the performance of our brands, we repositioned and streamlined our Swensen's operations in Singapore. In Malaysia, we focused on our corporate-owned outlets and were pleased to open our first Earle Swensen's outlet there. We expanded Tip Top Curry Puffs' footprint in Singapore, as we sought to further penetrate and increase our market share.

Last but not least, we brought in a new brand to our carefully curated collection of offerings – the very first Hello Kitty café in Singapore. Hello Kitty Orchid Garden was unveiled at Changi Airport to overwhelming response in May 2016. It is the first full-fledged Hello Kitty café that is operated round-the-clock and Halal-certified, and features a unique locally-inspired menu.

On the property business front, we continued to monitor and explore potential property development and investment projects in the region. We remain cautiously confident that participation in quality property projects will translate into new revenue streams and enhance the prospects of the Group in the future.

LOOKING AHEAD

Going forward, we anticipate that the operating environment in the F&B sector will remain challenging given the prevailing uncertain economic conditions. As operating costs continue to be a key monitoring area, profit margin is expected to remain under pressure amidst keen competition. In view of this, we will channel our focus on driving revenue strategically and managing operating costs prudently.

Where our property business is concerned, our strong cash position provides us with the ability to seek out potential growth opportunities. In the year ahead, we will continue to pursue promising property prospects within the region to develop our property business.

DIVIDENDS

In view of the Group's results, we are pleased to propose a final tax exempt (1-tier) cash dividend of 1.50 Singapore cents per share for FY2016, subject to shareholders' approval at the upcoming Annual General Meeting. Taking into account the interim dividend of 1.00 Singapore cent per share, this will bring the total dividend payout for the year to 2.50 Singapore cents per share.

ACKNOWLEDGEMENTS

We would like to express our gratitude to our Board of Directors for their invaluable guidance and insights that have helped steered the Group through challenges and sustained growth over the years. We would also like to thank our customers, partners and shareholders for their support and belief in our Group's business. Finally, we would like to thank our employees for their hard work and commitment towards the Group's success.

Chua Tiang Choon, Keith
Executive Chairman

Ang Yee Lim
Managing Director

OPERATIONS REVIEW

SWENSEN'S AND EARLE SWENSEN'S

Established in San Francisco in 1948, Swensen's was first introduced to Singapore at our Thomson Plaza outlet in 1979. Over the years, we have earned the reputation of being one of Singapore's favourite ice-cream makers. Affectionately integrated into the local culture as a family-friendly restaurant, we have come to be the venue of choice for families and friends who are looking to celebrate important moments together or simply gather for a casual meal to strengthen ties. Our signature Tiffany lamps create a cosy and distinctive ambience that diners embrace as they enjoy our quality affordable meals and treats.

We expanded our portfolio with our first Earle Swensen's restaurant in VivoCity in 2006, a fresh and innovative upmarket dining concept conceived to satisfy increasingly health-conscious palates. The brand serves up signature gelato flavours and specialty grilled entrées, coupled with a buffet salad bar that features compound salads, fresh greens, fruits as well as homemade signature dressings.

Our restaurants and menus are constantly being enhanced and rejuvenated to give our customers an enjoyable and memorable dining experience.

Year in Review

Singapore's economy continued to suffer lackluster growth and sluggish retail sentiment in 2016. Cost pressures remain a key area of concern with rental rates for well-regarded properties continuing on an upward trend, rising wages and tightening of the foreign manpower policy. During this year, we sought to consolidate and streamline our operations, to ensure that we are in a position that allows us to leverage on future potential opportunities. Against a tepid economic backdrop, our hard work has yielded balanced results.

During the year in review, there were a number of changes to our outlets: new outlets were opened at prime locations at Bugis Junction, Compass One and Waterway Point; the outlet at Northpoint Shopping Centre was temporarily closed from February 2016 as the mall had been undergoing a major revamping exercise and reopened in December 2016; one Earle Swensen's outlet was relocated from JEM to Westgate. We took this opportunity to introduce private dining rooms in the Westgate outlet, to be on-trend with the maturing F&B scene and cater to the needs of increasingly discerning consumers.

In 2016, we focussed on containing increasing costs but also made efforts to increase our revenue. To this end, we worked on enhancing our dining experience to better serve our loyal customers and to expand our new customer base, while at the same time seeking ways to boost our overall operational efficiency.

Enhancing Our Dining Experience

In line with our philosophy of constantly delighting diners with captivating offerings, a variety of exciting new Swensen's products was launched in 2016.

We launched exclusive Star Wars ice-cream cakes and original ice cream flavours such as Salted Egg, Coconut Yam, Blue Moon, Manuka and Rocher Hazelnut, all of which received overwhelming responses.

Our diners were treated to a gastronomic journey in our Around The World In More Than 80 Days World Tour. Seasonal time-limited dishes were lovingly created every month, each with a nod to unique cuisines hailing from 12 different countries.

We hold our young customers dear to us and have been rejuvenating our kid's meals on an annual basis. Our Swensen's Explorer Kid's Meals landed in June 2016, and are accompanied by improved recipes that incorporate vegetables into selected sauces to enhance their health quotient. We specially developed these sauces with the aim to increase the amount of essential nutrients from vegetables in each serving, which will directly benefit our young customers.

Awards and Recognition

During the year in review, the Swensen's brand continued to instill confidence in our customers. Our enhanced branding image and increased level of customer service standard have not only led to an improved overall sales contribution, but also garnered several awards and recognition.

Our restaurant manager who oversees the IMM outlet, Mr Norman Tan Kin Kong, was awarded the much coveted ASA EXSA Superstar Award by the Association of Singapore Attractions and co-presented by the Restaurant Association of Singapore and SPRING Singapore. The ASA EXSA awards recognise individuals who have delivered exceptional service and the Superstar award is conferred on the best of the Gold category winners. This award is a testament to our Group's efforts in training and strengthening our customer service skills and enhancing our customers' dining experiences with us.

Once again, we took home the Top Brand Award under the Western Restaurant category at Influential Brands' 2016 Grand Gala Event. The Influential Brands programme celebrates and recognises brands that have achieved good standing with consumers and businesses (B2C and B2B), in addition to their continuous drive towards brand excellence. We are heartened by this win, which continues to affirm our recipe for success and brand excellence.

Swensen's has consistently won the Gold Award under the Reader's Digest Trusted Brand Awards in the Family Restaurant category since 2009. We were pleased to receive the Platinum Award in 2016, which is conferred on brands that have performed exceptionally and won their category with a score that significantly outpolled their nearest competitor. This award validates our mantra to attain excellence in all areas of our business and recognises our dedication to being one of the leading family restaurants in Singapore.

In addition, we also emerged as one of the top 3 winners of the AsiaOne People's Choice Awards 2016 under the Best Western Restaurant category. The AsiaOne People's Choice Awards is AsiaOne's initiative to give its online readers an opportunity to vote for their favourite products and services.

Boosting Operational Productivity

In response to the challenging business environment, we focussed on cost management and reducing operational inefficiencies. We enhanced our manpower deployment system to improve our overall labour productivity. We continued to invest in service training and innovations to upgrade our employees' knowledge and skills, including the launch of our new mobile learning system (as described in greater detail under the section "Human Capital"). Looking externally outside of our organisation, we also actively engaged with our landlords and other business partners to explore solutions to better manage our operational costs and improve the quality of our products.

Outlook

We expect our business environment to remain challenging, and in the year ahead we will prioritise on improving on our customers' overall dining experience while increasing operational efficiencies. Expansion of our outlets will be conducted in a prudent manner, as we continue to maintain our presence in strategic locations island-wide, in order to allow consumers from all walks of life to be able to conveniently access our delightful treats. We will also explore ways to increase our brand visibility to widen our new customer base.

Despite next year's uncertain outlook, we continue to have exciting developments in the pipeline, such as a new partnership with Foodpanda to bring Swensen's and Earle Swensen's right to our customers' doorsteps. An overhaul of our Customer Relationship Management system is in the works to increase convenience of access for our loyal customers and to reward them more for their support. The new system will be card-less and aims to increase our engagement with customers and keep them updated of new menus and promotions through digital technologies, including a mobile App.

OPERATIONS REVIEW

HELLO KITTY ORCHID GARDEN

During the year in review, we expanded our portfolio with Singapore's first Hello Kitty themed café, which blends the market's love for the iconic Sanrio character together with our strong innovation for quality and familiar treats.

Hello Kitty Orchid Garden opened at Changi Airport in May 2016 to many firsts in history. It is the first full-fledged Hello Kitty themed café that operates round-the-clock and is Halal-certified. The opening was covered extensively by both local and overseas media, and attracted unprecedented queues formed by fans of the beloved Sanrio character.

Garden City Café

Resplendent with live orchids and greenery, Hello Kitty Orchid Garden is modelled after Singapore's modern landscape juxtaposed with lush green scenery. Sporting splashes of purple, green and white with wood accents, the café's interior dotted with wrought iron swing seats exudes an organic, idyllic vibe. Specially designated spots complete with 3D life-sized figurines of Hello Kitty provide opportunities for fans to take pictures with their favourite character.

With a strategic location adjacent to the arrival hall in Changi Airport Terminal 3, the café is able to draw both local customers and international tourists.

Enchanting Food and Desserts

Local and Asian influences are woven into the café's menu, which features all-day breakfast delights, hearty mains and sharing dishes, and an irresistible array of "Kitty-fied" desserts which range from soft serves and gelato sundaes to pastries and tea cakes. The visually appealing dishes are served on beautiful wooden boards, ceramic and glass ware, which were specially selected to complement the garden theme and customised with the café's logo.

Exclusive Merchandise

The café has a retail corner that stocks a range of Singapore-exclusive merchandise which includes Hello Kitty plush toys, grow-it-yourself plant kits and more. It even carries seasonal products such as kueh lapis and mooncakes, which are also infused with the Hello Kitty theme.

Limited edition Hello Kitty plush toys were brought in exclusively for the café's opening. These plush toys were a big hit with fans and supporters and sold out within hours of the café's opening on the first day of operations.

Outlook

As we ride on Hello Kitty's increasing popularity within the region, we are concurrently working on long-term marketing ideas to promote the café's offerings and attract new visitors. Some of the concepts that we have undertaken include seasonal thematic offerings and exquisite in-store decorations to keep our product experience refreshing.

We will continue to create seasonal menus and themed promotions, as well as launch new customised merchandise for customers who want to keep a memento for themselves or pick up gifts for friends and families. In the year ahead, we will be fine-tuning various aspects of our operations, in order to provide each customer with a complete, unique and unforgettable Hello Kitty experience.

OPERATIONS REVIEW

TIP TOP CURRY PUFFS

Started in 1979, Tip Top Curry Puffs is renowned for deliciously traditional curry puffs and features a wide range of well-loved local heritage snacks. Our core range of curry puffs carry fillings inspired by local Asian flavours such as Nonya Beef Rendang and Spicy Sardine. Our menu has evolved over time to include a wide variety of well-loved local snacks such as deep fried chicken wings and fish cakes. We are in a continual process of refining and enhancing our range of menu offerings to cater to the discerning palate of our loyal customers and supporters.

Year in Review

In 2016, we focussed on expanding our fixed range product offerings and increased periodic promotional offers to increase awareness of our range of products.

We also introduced a Morning Grab & Go breakfast counter in selected outlets. This new initiative facilitated prompt breakfast takeaway revenues and received very positive responses. We also engaged customers actively through various social media platforms.

Our footprint has expanded to more areas in Singapore with the opening of new outlets at Bugis Junction and Compass One. Our airport outlets delivered stronger results after our Terminal 3 outlet was converted to uninterrupted 24-hour operations. With 9 outlets under our belt, revenue retained its upward trend in 2016.

Outlook

We have put in place a series of plans for the following year to enhance our business operations and further penetrate and improve our market share. We intend to broaden our unique product offerings, and include new packaged products to provide customers with the added convenience of having easy access to grab-and-go products. We will be entering into a new partnership with Foodpanda to have our scrumptious snacks and other products delivered directly to our customers' doorsteps.

In 2017 to-date, we have opened 2 new outlets at Pasir Ris MRT and Hillion Mall. As part of our expansion plans, we will continually source for new strategic outlets to increase our brand profile. We have also completed the renovation of our Raffles City outlet and intend to renovate our One Raffles Place outlet, to improve product display and boost space efficiency. To streamline our production processes and to increase the efficiency of our curry puff operations, we will explore automation options alongside new technologies and look into how they can be effectively integrated with our current operations.

SEASON

SEASON CONFECTIONARY & BAKERY AND SEASON'S CAFÉ

Since 1975, Season Confectionary & Bakery ("Season Confectionary") has been serving up a wide range of artisan bakery and confectionery offerings to the Malaysian market in Johor Bahru. Over the years, the brand has successfully developed into a household name synonymous with freshness and quality, winning the hearts of many Malaysians and Singaporeans. Season's Café is its sister brand that carries quality western cuisine at affordable prices, and its baked products can be enjoyed at most of the cafés. With more than 20 strategic outlets located across Johor Bahru, we strive to deliver our well-loved favourites to as many of the local masses as possible, so that everyone can get to enjoy delectable Season fare.

Year in Review

During the year under review, Season Confectionary delivered continued growth in revenue, while Season's Café achieved revenue growth which was a positive reversal from the year before. This was due to the contributions from new and revamped outlets, as well as the expansion of corporate sales for frozen products to the Singapore market. Additionally, we have also been constantly innovating and revamping our product offerings, which are marketed under appropriate seasonal campaigns and promotions.

In line with the positive revenue growth, Season Confectionary reported improved profit. Season's Café reported a lower profit as compared to the previous year due to the write-off of fixed assets as a result of the closure of the Aeon Kulai outlet when its lease expired in November 2016.

To maintain our appeal to customers, Season Confectionary revamped and refreshed our outlet frontages at KSL City Mall and Perling Mall. As part of our expansion plan, we increased our footprint in Malaysia by opening another outlet at Seri Alam in July 2016. With this new outlet, we were able to widen our customer reach through increased brand awareness.

Besides attracting customers with updated and modern looks, we created new in-store bakery and pastry products regularly, such as the salted egg croissant and Japanese cheese tart. We also launched monthly cake promotions to introduce a variety of exciting and appealing flavours. These retailing efforts were well received by customers, as reflected in the higher sales volume.

For Season's Café, we have taken consistent steps towards meeting our goal of delivering good service, exciting food and creative sundaes at reasonable pricing. Throughout the year, we undertook a series of initiatives to further strengthen our operational capabilities, including creating new food products and refreshing our monthly promotional menus.

During the year in review, we continued to invest in our talents through conducting training to equip our employees with the necessary product and service knowledge. We also introduced new machinery as we increased our automation investment to further improve our productivity and efficiency.

On a separate note, we previously reported that one of the challenges we faced in 2015 was the implementation of the new Goods and Services Tax ("GST") in Malaysia. With the passage of time, there has been signs of growing acceptance by consumers of the concept of GST, which is an encouraging development for our operations in Malaysia.

OPERATIONS REVIEW

Enhancing Market Share

In 2016, we tapped on different channels to fulfill our sales and marketing campaign objectives. To increase brand awareness, we took on a more active role engaging customers and prospects on social media platforms, while concurrently sending electronic direct mailers to update customers about our various promotions and events. We also worked together with digital media specialists to increase our reach and penetration into the target audience market. Separately, we actively explored with landlords on possible tie-ups to generate greater customer awareness and interest. We also launched several ad hoc promotions, including Season Confectionary's Chinese New Year and Mooncake lucky draws.

With consistent and focussed marketing and sales efforts in place, we are confident of expanding our online and offline presence through strategic publicity and the branding of our wide range of premium products.

Outlook

Moving forward, we expect the F&B environment to remain challenging alongside negative market sentiments in Malaysia. As the economy continues to slow down, consumers are less inclined to spend, especially on perceived premium products. This is further compounded by the effect of a weakening Malaysian Ringgit, which will lead to an increase in food and material cost, as well as contribute to an outflow of skilled and foreign workers, hence putting more pressure on our growth in 2017.

To maintain our competitive edge, we will consistently innovate to stay relevant and will continue with our expansion plan to open more outlets at malls with high footfall. At the same time, we will regularly introduce new refreshing products and improve our food presentation, as well as seek alternative suppliers to better manage our cost.

SWENSEN'S AND EARLE SWENSEN'S MALAYSIA

Swensen's Malaysia is operated through a mix of franchises and corporate-owned outlets. As at the end of 2016, it has grown to 6 outlets spread across Johor, Kuala Lumpur and Penang.

We reported in 2015 that there is potential for the Swensen's brand in Malaysia and that we opened a corporate-owned outlet at Sunway Putra Mall. We built on that in 2016 and opened another corporate-owned Swensen's outlet at Sunway Velocity Mall in Cheras. The other outlet that was targeted to be open in 2016 at Empire City Mall in Petaling Jaya experienced slight delays but remain on track to be open in 2017.

In 2016, we were pleased to introduce Earle Swensen's to Malaysia with the opening of our flagship outlet at Komtar JBCC in Johor Bahru, bringing the buffet salad bar concept to Malaysia for the very first time.

The successful opening of these outlets will put the Swensen's brand on a strong footing as we continue to expand in key locations throughout Malaysia. In line with our cost control measures, we will only open new outlets when we have secured prime locations within prominent malls, at reasonable rental rates.

We expect the economic outlook to remain challenging as the Malaysian Ringgit continues to weaken with the restriction on foreign labour and minimum wage rise continuing to exert pressure on overall margins. Affordability remains a key consideration for consumers and we will step up efforts to ensure that our prices remain competitive for the general mass consumer market.

HUMAN CAPITAL

At ABR, our people play a crucial role in the growth of our Group and we believe in maintaining a strong and cohesive workforce. To that end, we have invested our efforts in attracting talent, providing a robust training and development environment and caring for the well-being of our people.

In appreciation of our long service employees for their contributions and loyalty to the Group and to celebrate achieving their career milestones, we hosted the annual ABR Long Service Awards in April 2016. A total of 63 employees received awards.

Group Profile

ABR practices fair and merit-based employment and recruits across different demographics such as age, race, gender, religion, marital status or disability. As a result, we benefit from the collective skills and experience of a diversified workplace. This is reflected in our turnover rate of 3.3%, which is lower than the F&B sector industry average of 3.7% for 2016 (based on figures published by the Ministry of Manpower Labour Market Report, Third Quarter 2016).

Baby boomers make up 17% of our employees with our oldest employee being 79 years old. Our median age group registers at 36 years old. We are also proud to support a gender balanced workforce, with females making up 46% of our workforce.

ABR is committed to creating an inclusive workplace, in particular in respect of persons who may be in disadvantaged positions. One of our notable efforts is our partnership with the Singapore Corporation of Rehabilitative Employment (SCORE) to recruit ex-offenders. Another notable effort is our partnerships with Delta School under the Association for Persons with Special Needs (APSN) and Metta School to provide training and employment opportunities for their students. Both schools provide special education and training for children with mild intellectual disability. We hope that with these efforts, we will be able to help more people have the chance to be included in and contribute to our society.

Attracting Talent

We recruit a significant number of new employees through our Employee Referral Programme. This programme has proven to be beneficial to the Group in the past as many employees recruited through it have stayed with us for many years. Our Group also recruits externally by participating in and organising several recruitment fairs with various government agencies and educational institutions.

Talent Management

In 2016, we continued to push ahead with our training and development efforts in order to enhance the competence and capabilities of our workforce. We rolled out our inaugural ABR Talent Bank, which places a strong focus on building future leaders for both the short and long term. Besides internal training and external classroom learning, the programme matches individual talents to a particular department or brand for attachment. They then participate in certain ad hoc projects to gain more insight knowledge in that field. The programme is customised to each individual and helps to align our talent management with our company strategy, define consistent leadership criteria across brands and identify key competencies for learning.

mLearning

With the continued rise of digital innovations and increasing mobile penetration rates in our society, we felt that it was ripe time to introduce online learning in our learning and development programmes. We explored moving out of the classroom and onto an online platform, which led us to create and successfully launch a new mobile learning system (mLearning). mLearning empowers our employees to learn anytime, anywhere, from their preferred mobile device. Each course comprises a few micro-lessons which are intentionally kept short to less than 15 minutes, and content is presented in a variety of methods, to keep the learner interested and engaged. The pilot project was launched at 5 Swensen's outlets and was very well received as it helped our employees to manage their time more effectively and also improved their knowledge retention rate. Our employees also felt that it provided them with better support in their roles. In view of the positive response, we will seek to extend mLearning to more outlets.

Caring for Employees

We believe that our employees' well-being is integral to having an effective and productive workforce. In addition to our corporate staff benefits, we also organised an assortment of health and wellness activities in 2016.

CORPORATE SOCIAL RESPONSIBILITY

At ABR, we believe in giving back to the community which has contributed to our Group's success over the years and providing a helping hand to those in need. We have worked with and established partnerships with a number of corporate organisations, government bodies and registered charities, and have also taken on a number of ad hoc projects that focus on causes that we are concerned about. In 2016, our Group undertook a host of initiatives and activities as part of our Corporate Social Responsibility efforts, including making cash and food donations and providing training platforms and jobs for special needs students.

2016 was the year that ABR became a Founding Member (Corporate) of the Company of Good. The Company of Good was launched in June 2016 by the National Volunteer & Philanthropy Centre (NVPC), in partnership with the Singapore Business Federation Foundation and with the support of the Ministry of Culture, Community and Youth, as part of its vision to drive corporate giving in Singapore and to make "goodness the business of every organisation". The Founding Members are Singapore's trailblazers in championing and driving corporate giving in Singapore.

EDUCATION & TRAINING

APSN – Delta Senior School

The Association for Persons with Special Needs ("APSN") is one of the biggest organisations in Singapore providing special education and vocational training for persons with mild intellectual disabilities and runs several different programmes, including the Delta Senior School which provides vocational training. ABR's engagement with Delta Senior School is one of its oldest and dates back to 2008. ABR provides a training platform for the school's students, and most recently confirmed its commitment for a further period of 2 years from 2015. Under APSN's Work Experience Program, ABR provides Swensen's restaurants as venues for real-life on-the-job training for Delta's students aged 16 and above. The career pathway in training and development for the students culminates in a career at Swensen's, where graduates are offered employment opportunities.

In 2013, Swensen's set up an on-campus Swensen's training café in Delta Senior School. The training café allows students to practice working scenarios in a controlled environment and helps to prepare students for work by enhancing their employability. ABR continued to render technical support and resources for the training café in 2016.

In April 2016, we commemorated the grand opening of Swensen's Waterway Point by donating funds raised from the opening event to Delta Senior School as the sole local beneficiary. ABR's partners donated $5,000 in support of ABR's commitment and ABR matched this dollar-for-dollar to double the total funds raised to $10,000.

Metta Employment Pathway Programme

Metta School provides special education and training for children with mild intellectual disability and/or autism. Initiated by ABR in 2013, the Metta Employment Pathway Programme is a work attachment programme which provides training for students within a real work venue as they prepare to join the workforce. In view of the success of this program, ABR has extended the programme to December 2017.

In March 2016, we commemorated the re-opening of Swensen's Bugis Junction by donating funds raised from the opening event to Metta School as the sole local beneficiary. ABR's partners donated $5,000 in support of ABR's commitment and ABR matched this dollar-for-dollar to double the total funds raised to $10,000.

Changi Foundation Northlight Job Attachment Programme

Changi Foundation, the philanthropic arm of Changi Airport Group, launched a job attachment programme for students of Northlight School in 2014. As one of the oldest brands at Changi Airport, Swensen's has participated in the programme since its launch and provides training to students to equip them with job readiness skills and real-world experience.

Ngee Ann Polytechnic ABR Prize

Since 2012, ABR has been sponsoring The ABR Prize for Business & Social Enterprise, which is presented to deserving students graduating from Ngee Ann Polytechnic's Business and Social Enterprise faculties. This sponsorship has been extended to 2017.

CHILDREN INITIATIVES

Club Rainbow

Club Rainbow provides a range of comprehensive support services for families of children who suffer from major chronic and potentially life threatening illnesses. Since 2005, ABR has been sponsoring complimentary Swensen's ice cream birthday cakes to the beneficiaries of Club Rainbow on a monthly basis. More than 500 ice cream cakes are given out annually. Our Group's annual sponsorship of Club Rainbow's fund raising initiatives, such the cycling marathon Ride for Rainbows, began in 2013 and was continued in 2016.

HCA Hospice Care – Star PALS

Star PALS (Paediatric Advance Life Support) is a paediatric palliative care service dedicated to improving the quality of life for children with life-threatening or life-limiting conditions in the comfort of their homes. Since 2013, ABR has been sponsoring birthday cakes for terminally ill members of Star PALS, and this sponsorship was continued in 2016.

Ice Cream Mooncakes

In 2016, to spread the festive joy to the less fortunate during the Mooncake Festival period, ABR sponsored over 4,000 ice cream mooncakes to various charity organisations. These organisations include Delta Senior School, Metta School and Boys' Town.

REHABILITATION EFFORTS

SCORE

Singapore Corporation of Rehabilitative Enterprises ("SCORE") plays an important role in the Singapore correctional system by creating a safe and secure Singapore through the provision of rehabilitation and aftercare services to inmates and ex-offenders. In partnership with SCORE, ABR has worked towards providing employment opportunities to ex-offenders. ABR feels strongly that there should always be a second chance, an opportunity to learn from mistakes and an avenue to build a career pathway, to re-integrate oneself into society.

COMMUNITY OUTREACH

President's Challenge 2016

ABR was a food sponsor for The Istana Open House 2016 event, which raised funds for the beneficiaries of the President's Challenge.

ABR's volunteers participated in the President's Challenge – Done In A Day project which was held in October 2016 at South Central Community Family Service Centre. At this skill-based volunteering project, ABR employees shared their expertise in kitchen food hygiene and handling risk mitigation with volunteers and staff at the centre during the full-day hands on training session and helped to set up the centre's Standard Operating Procedures for food handling.

The Santa Run for Wishes 2016

For a second consecutive year, ABR sponsored The Santa Run for Wishes, a fundraising initiative organised by the Make-A-Wish Foundation, Singapore, which aims to grant the wishes of children with life-threatening medical conditions between the ages of 3 and 18 years. ABR raised $10,000 for this sponsorship during the grand opening of Earle Swensen's Westgate and also sponsored Swensen's ice cream for the event.

The Purple Parade 2016

For a second consecutive year, Swensen's was a food sponsor for The Purple Parade, a carnival held in support of a more inclusive society and to celebrate the abilities of persons with special needs. The event was organised by a number of social welfare organisations including the National Council of Social Service and Autism Association (Singapore). Proceeds from the event were distributed to the participating charities.

Institute of Mental Health and Woodbridge Hospital Charity Fund

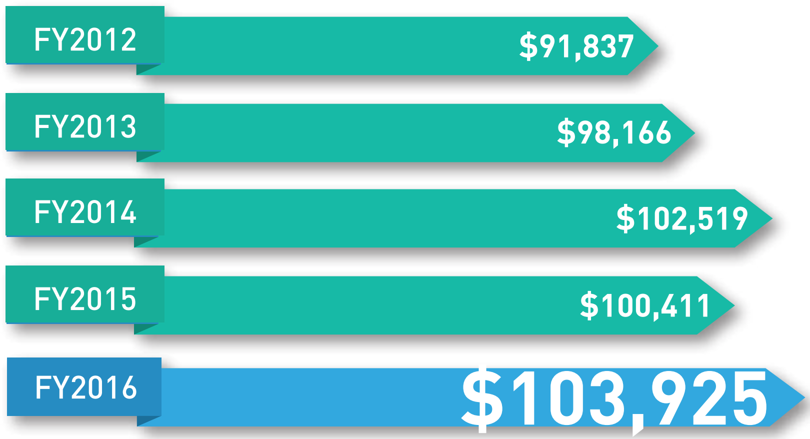
ABR has worked with the Institute of Mental Health ("IMH") and Woodbridge Hospital Charity Fund on various charity events since 2009. In addition, ABR undertakes regular cash sponsorships of IMH's annual charity golf event. In 2016, ABR was the main sponsor for the World Mental Health Day Walk, which aimed to promote awareness of mental health and to de-stigmatise mental illness.

Project Chulia Street

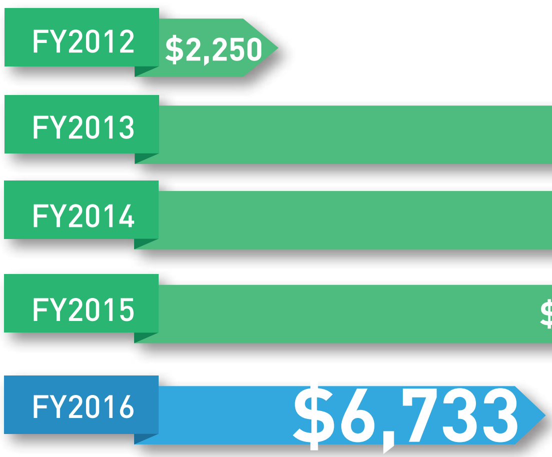
Project Chulia Street is a privately funded initiative started in 2016 that serves as a platform to bring together entities and individuals for specific projects that enhance health and happiness for migrant workers in Singapore and increase their social/economic mobility at partnering workers' accommodations. ABR was a food sponsor for an event organised by Project Chulia Street, Singapore Kindness Movement and Migrant Workers Centre in August 2016 to celebrate National Day with migrant workers.

FINANCIAL HIGHLIGHTS

Revenue ($'000)



Profit Before Tax ($'000)



Shareholders' Equity ($'000)

For the Year ($'000)	FY2016	FY2015	Change
Revenue	**103,925**	100,411	3.5%
Profit Before Tax	**6,733**	8,931	(24.6%)
Profit for the Year	**5,611**	7,581	(26.0%)
Profit Attributable to Owners of the Company	**5,410**	7,637	(29.2%)

At Year End ($'000)	FY2016	FY2015	Change
Total Assets	**117,065**	115,250	1.6%
Equity Attributable to Owners of the Company	**99,544**	98,905	0.6%
Total Equity	**100,035**	99,222	0.8%
Total Liabilities	**17,030**	16,028	6.3%
Fixed Deposits, Cash and Bank Balances	**81,777**	82,222	(0.5%)

	FY2016	FY2015
Earnings per share		
Basic	**2.69 cents**	3.80 cents
Diluted	**2.69 cents**	3.80 cents
Dividend per share		
Interim	**1.0 cent**	1.0 cent
Final	**1.5 cents**	1.5 cents
Net Asset Value per share		
	49.5 cents	49.2 cents

BOARD OF DIRECTORS

Standing (left to right): Allan Chua Tiang Kwang, Ang Lian Seng, Leck Kim Seng
Sitting (left to right): Quek Mong Hua, Chua Tiang Choon, Keith, Ang Yee Lim, Lim Jen Howe

CHUA TIANG CHOON, KEITH
Executive Chairman

Mr Keith Chua was appointed as the Non-Executive Chairman on 28 March 2002 and has served as the Executive Chairman of the Group since 1 August 2004. He is also a member of the Nominating Committee.

Mr Chua is presently also the Managing Director and Company Secretary of Kechapi Pte Ltd, a substantial shareholder of the Company. He is also the Managing Director of the Alby group of companies in Singapore and Australia for the past 20 years. Mr Chua serves on the boards of a number of private and unlisted companies in Singapore.

He is a substantial shareholder of the Company through his deemed interests in Kechapi Pte Ltd and Alby (Private) Limited.

Mr Chua was last re-elected as a director on 29 April 2014.

ANG YEE LIM
Managing Director

Mr Ang Yee Lim was appointed to the Board as an Executive Director on 25 May 2004. He was subsequently appointed as the Managing Director on 1 July 2004.

Mr Ang has over 10 years of experience in the food and beverage business and more than 30 years of experience in property development and investment in Singapore, Malaysia, Indonesia and Thailand. Mr Ang also sits on the boards of some of the Group's subsidiaries.

Mr Ang is a substantial shareholder of the Company.

ANG LIAN SENG
Executive Director

Mr Ang Lian Seng has served as an Executive Director on the Board since 4 May 2001. He also serves as a member on the Remuneration Committee.

In addition to his appointment, Mr Ang has been involved in the property development sector and serves on the boards of a number of property development and investment private companies in Singapore. Mr Ang also sits on the boards of the Group's subsidiaries and associated companies.

Mr Ang was last re-elected as a director on 28 April 2015.

LECK KIM SENG
Executive Director

Mr Leck Kim Seng has served as a Non-Executive Director on the Board since 18 February 2002 and as an Executive Director on the Board since 20 March 2002.

Mr Leck has over 20 years of experience in property and resort development in Singapore, Malaysia, Indonesia and the People's Republic of China. Mr Leck also sits on the boards of some of the Group's subsidiaries.

Mr Leck was last re-elected as a director on 29 April 2014.

ALLAN CHUA TIANG KWANG
Non-Executive Director

Mr Allan Chua has served as a Non-Executive Director on the Board since 18 February 2002. Mr Chua is also a member of the Audit Committee.

He is a Director of Kechapi Pte Ltd and serves on the boards of a number of private and unlisted public companies in Singapore.

Mr Chua is a substantial shareholder of the Company through his deemed interests in Kechapi Pte Ltd and Alby (Private) Limited.

Mr Chua was last re-elected as a director on 28 April 2015.

QUEK MONG HUA
Independent and Non-Executive Director

Mr Quek Mong Hua has served as an Independent Director on the Board since 21 August 2003. He is a member of the Audit, Remuneration and Nominating Committees. Mr Quek currently chairs the Remuneration and Nominating Committees.

Mr Quek is a senior partner of the law firm Messrs Lee & Lee. Mr Quek started his legal practice in 1980 with Messrs Lee & Lee. His working experience included an eight-year stint with the Singapore Legal Service as a District Judge of the Subordinate Courts of Singapore from 1992 to 1994 and thereafter as a Senior State Counsel with the Attorney-General's Chambers until he rejoined Messrs Lee & Lee in April 2000. When he left the legal service, he was holding the appointment of Deputy Head of the Civil Division. Mr Quek is also a member of the Military Court of Appeal under appointment of the Singapore Armed Forces Council.

Mr Quek was last re-elected as a director on 28 April 2016.

LIM JEN HOWE
Independent and Non-Executive Director

Mr Lim Jen Howe has served as an Independent Director on the Board since 21 August 2003. He is a member of the Audit, Remuneration and Nominating Committees. Mr Lim currently chairs the Audit Committee.

Mr Lim has more than 35 years of experience in finance and accounting. He has been a practising Public Accountant for more than 25 years and is a founding partner of Messrs Thong & Lim, Chartered Accountants of Singapore. He is also an independent director of TalkMed Group Limited and Caregivers Alliance Limited.

Mr Lim was last re-elected as a director on 28 April 2016.

KEY MANAGEMENT

NG SOO NOI
Group Chief Financial Officer
ABR Holdings Limited

Ms Ng Soo Noi oversees the finance, accounting, tax and treasury functions of the Group.

Ms Ng was promoted to Group Chief Financial Officer from 4 January 2016.

Ms Ng has over 20 years of experience in accounting, finance and auditing. Having started her career as an auditor with an international accounting firm, she subsequently moved on to join a public listed industrial conglomerate where she held managerial position in the financial and management accounting areas.

Prior to joining the Company in October 1999, she was the regional financial controller of a public listed company where she spent over 2 years in the People's Republic of China overseeing the finance function of the operations there.

Ms Ng is a Fellow member of the Association of Chartered Certified Accountants (United Kingdom) and a member of the Institute of Singapore Chartered Accountants.

KHOO BOO YEOW ANDREW
Chief Operating Officer of Swensen's and Director of Group Business Development
ABR Holdings Limited

Mr Khoo Boo Yeow Andrew is responsible for the overall management of the various brands under the food division of the Company in Singapore and is also involved in corporate activities and strategic Group initiatives.

Mr Khoo was promoted to Chief Operating Officer of Swensen's and Director of Group Business Development from 4 January 2016.

Prior to joining the Company in January 2012, he was the executive director of a food company based in Singapore.

Mr Khoo graduated with a Bachelor of Arts (Major in Political Science & Minor in Economics) from the University of Victoria, Victoria, Canada in 1994 and a Bachelor of Arts and Master of Arts in Law from Cambridge University, Cambridge in 2000. He also obtained an AHMA Hotel Diploma (Major in Sales & Marketing) from the London Hotel School, London UK in 2001 and completed the BPP Bar Vocational Course in London UK and was called as a Barrister-At-Law, Lincolns in 2002.

NG CHENG WEE
General Manager, Swensen's Operation
ABR Holdings Limited

Mr Ng Cheng Wee is responsible for the management and operations of Swensen's, Earle Swensen's and special projects in Singapore as well as oversees franchise auditing. Mr Ng first joined the Company in 1995 as Deputy Restaurant Manager cum Area Trainer and over the years, rose to the rank of Senior Area Manager in 2005.

He then pursued his career with an international franchise food chain, overseeing the new organisation set up in Singapore and Malaysia from 2006 to 2009 before re-joining ABR in 2009 as Operations Manager.

Mr Ng was promoted to General Manager, Swensen's Operation in May 2014.

LIEW HOCK MENG
Executive Chef
ABR Holdings Limited

Mr Liew Hock Meng is responsible for menu creation, menu engineering, kitchen workflow designing as well as oversees franchise auditing for the Group.

Mr Liew first joined the Company in 1982 as Assistant Outlet Chef and was promoted to Outlet Chef in 1984. He then pursued his career with a local hotel from 1988 to 1990 before re-joining ABR as Head Chef in 1990 and was subsequently promoted to Executive Chef in 2002.

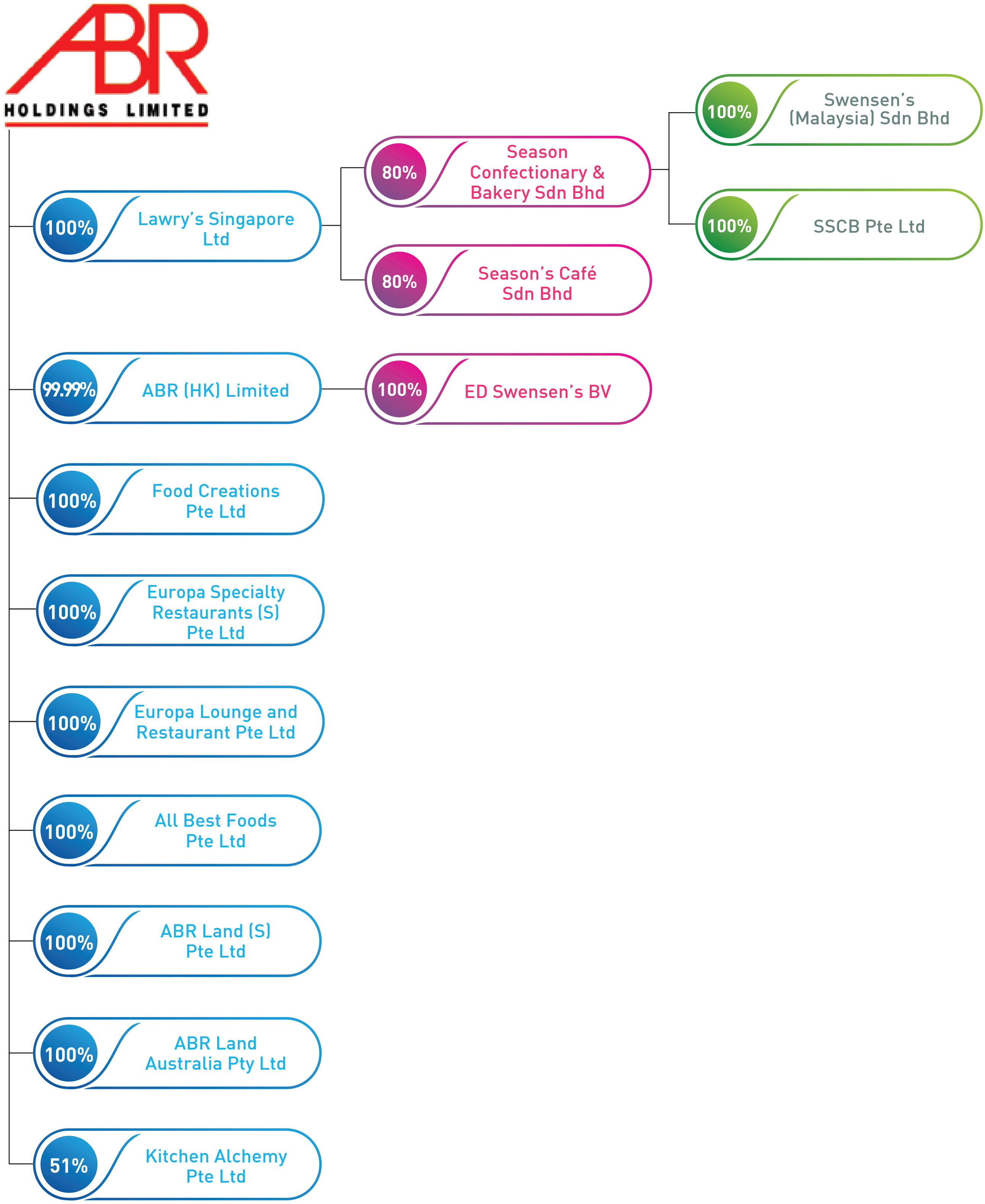
Prior to joining the Company, Mr Liew had over 10 years of experience with various F&B chains.

LECK KIM SONG
Group General Manager
Season Confectionary & Bakery Sdn Bhd

Mr Leck Kim Song is responsible for the management and operations of Season Confectionary & Bakery Sdn Bhd. He has over 20 years of experience in building, civil engineering, recreation and resort development in Singapore, Australia and Indonesia.

He holds a BSc in Building with Honours from Heriot-Watt University, Edinburgh, and a MSc in Project Management from the University of Melbourne. He is a Chartered member of the Royal Institution of Chartered Surveyors (UK), the Chartered Institute of Building (UK), the Chartered Management Institute (UK) and the Australian Institute of Building. He is also a corporate member of the Singapore Institute of Surveyors and Valuers.

GROUP STRUCTURE



Note: Group Structure as at 31 December 2016 and it excludes dormant companies.

CORPORATE INFORMATION

DIRECTORS
Chua Tiang Choon, Keith
Ang Yee Lim
Ang Lian Seng
Leck Kim Seng
Allan Chua Tiang Kwang
Quek Mong Hua
Lim Jen Howe

JOINT SECRETARIES
Tan Wee Sin
Toon Choi Fan

REGISTERED OFFICE
41 Tampines Street 92
Singapore 528881
Tel: (65) 6786 2866
Fax: (65) 6782 1311
Company Registration No. 197803023H

REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

AUDITOR
Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-charge: Foong Chooi Chin
(Appointed since financial year ended 31 December 2016)

SOLICITORS
Lee & Lee

PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation Ltd
United Overseas Bank Ltd

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of ABR Holdings Limited (the "Company") is committed to maintaining good standards of corporate governance and has applied the principles of the Code of Corporate Governance (the "Code"). This report discusses the Company's corporate governance processes and activities with specific references to the principles set out in the Code.

BOARD MATTERS

Principle 1 – The Board's conduct of affairs

The Board's principal functions are to:

- formulate procedures and strategies to ensure good corporate governance within the Group;
- review and approve financial policies, investments and strategies to be implemented by the Management;
- approve the Company's annual business plan including the annual budget, capital expenditure and operational plans;
- oversee the processes for risk management, financial reporting and compliance;
- consider sustainability issues in the formulation of its strategies; and
- identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation.

During the year in review, the Board scheduled seven Board meetings to review among other things, the financial performance of the Group, approve the release of the quarterly and full year financial results, approve the annual budget as well as to consider and approve the Group's strategic direction and investment proposals.

The Board is assisted by three Board sub-committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") whose functions are described overleaf.

The number of Board and Board sub-committee meetings held in the year and the attendance of each Director are as follows:

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Director's name	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Chua Tiang Choon, Keith	7	7	NA	NA	NA	NA	1	1
Ang Yee Lim	7	7	NA	NA	NA	NA	NA	NA
Ang Lian Seng	7	7	NA	NA	1	1	NA	NA
Leck Kim Seng	7	7	NA	NA	NA	NA	NA	NA
Allan Chua Tiang Kwang	7	7	5	5	NA	NA	NA	NA
Quek Mong Hua	7	6	5	4	1	1	1	1
Lim Jen Howe	7	7	5	5	1	1	1	1

NA: Not Applicable

The Company's Constitution allows the Board to hold telephonic and videoconference meetings. If any of the Directors are not able to physically attend the Board meetings in Singapore, the Company adopts the policy of connecting them via the telephone, where necessary.

The Board has adopted a set of internal guidelines which sets out limits for capital expenditure, investments and divestments, bank borrowings, share issuance, dividends and cheque signatories' arrangements to be approved at Board level.

REPORT ON CORPORATE GOVERNANCE

To enable the Directors to remain updated with the law and corporate governance practices, the Company continues to provide a training budget for the Directors to fund their participation at industry conferences and seminars, and attendance at any training course, where required. Incoming Directors have full access to the minutes of all previous Board meetings to familiarise themselves with the Company's business and governance practices. They are further briefed by the Management on the business activities of the Company and the Group and its strategic directions.

The Company Secretary provides regular updates on the latest governance and listing policies during Board meetings, as and when required. All Directors are updated regularly concerning any changes in the Company policies. During the year, the Board was briefed and/or updated on the following: (1) amendments to the SGX-ST Listing Manual; (2) changes to the Companies Act, Cap. 50 of Singapore; and (3) changes to the Financial Reporting Standards.

Principle 2 – Board composition and guidance

The Board comprises seven Directors – an Executive Chairman, a Managing Director, two Executive Directors, one Non-Executive Director and two Independent Non-Executive Directors. The Directors bring to the Company a combination of knowledge and expertise in the areas of law, accounting, finance, banking and business management.

Two out of the seven Directors are independent and the Board recognises that this is not in accordance with the Code's guidelines that Independent Directors should make up at least one-third of the Board. The Board is of the view that the current Board size and composition are appropriate and effective to provide the necessary objective inputs to the various decisions made by the Board. The Board will constantly examine its composition from time to time to ensure a strong and independent element on the Board.

Profiles of the Directors are found in the "Board of Directors" section of this annual report.

On an annual basis and upon notification by an Independent Director of a change in circumstances, the NC will review the independence of each Independent Director based on the criteria for independence defined in the Code and recommends to the Board as to whether the Director is to be considered independent.

The Board is of the opinion that the current Board size and composition, with diversified background and experience provides core competencies such as finance, accounting, legal, business management, industry knowledge and strategic planning experience, is appropriate and effective to ensure the balance of power and authority to facilitate effective decision making. The Company does not have any gender diversity policy and all appointments and employment are based strictly on merit and not driven by any gender bias.

The Non-Executive Directors are constructively reviewing and assisting the Board to facilitate and develop proposals on strategy and review the performance of the Management in meeting agreed objectives and monitor the reporting performance.

The Independent Directors have full access to and co-operation of the Company's Management and officers. They also have full discretion to convene separate meetings without the presence of Management and to invite any Directors or officers to the meetings as and when warranted by certain circumstances.

Presently, Mr Lim Jen Howe and Mr Quek Mong Hua have served as independent directors of the Company for more than nine years since their initial appointment in 2003. The Board has subjected their independence to a particularly rigorous review.

The Board is of the view that Mr Lim Jen Howe and Mr Quek Mong Hua continue to demonstrate strong independence in character and judgement in the discharge of their responsibilities as directors of the Company. Based on the declaration of independence received from Mr Lim and Mr Quek, they have no association with the Management that could compromise their independence. After taking into account all these factors, and also having weighed the need for Board refreshment against tenure for relative benefit, the Board has determined Mr Lim and Mr Quek continue to be considered independent directors, notwithstanding they have served on the Board for more than nine years from the date of their first appointment.

REPORT ON CORPORATE GOVERNANCE

Principle 3 – Chairman and Chief Executive Officer

Mr Chua Tiang Choon, Keith has been the Chairman of the Group since 28 March 2002. On 1 August 2004, he became the Executive Chairman. Since 1 July 2004, the Board has appointed Mr Ang Yee Lim as the Managing Director of the Company. Mr Chua and Mr Ang are both substantial shareholders of the Company.

As Executive Chairman, Mr Chua is responsible for the overall management and strategic decision making of the Group jointly with Mr Ang, the Managing Director of the Company. In addition, Mr Chua ensures that Board meetings are held on a regular basis and sets the agenda for each meeting in consultation with the Directors, the Management and the Company Secretary as necessary. Where matters arise which requires the Board's deliberation and decision, he ensures that ad hoc meetings are held. The Chairman is instrumental in steering the Board in setting policies for its corporate governance compliance and internal controls and also in formulating strategies for the Group's business and direction.

The Executive Chairman, the Managing Director and the two Executive Directors form the Executive Committee ("Exco") appointed by the Board. The Exco is responsible for the oversight of the Group's businesses and performance.

The Executive Chairman and the Managing Director, while both being part of the Exco, are two unrelated individuals. Taking into account the relatively small size of the Board and that the Company has two Independent Non-Executive Directors, the Board is of the view that there is currently no need to appoint one of them as the lead Independent Director. Shareholders can channel any concerns they may have to either one of the Independent Non-Executive Directors.

Principle 4 – Board membership

<u>Nominating Committee</u>

The NC is formed to look into, amongst other matters, the appointment of new Directors to the Board and comprises the following three Directors, the majority of whom, including the Chairman of the NC, are independent:

- Mr Quek Mong Hua (Chairman and Independent Non-Executive Director)
- Mr Lim Jen Howe (Member and Independent Non-Executive Director)
- Mr Chua Tiang Choon, Keith (Member and Executive Chairman of the Group)

The NC has specific written Terms of Reference setting out their duties and responsibilities. The NC's main duties and functions are as follows:

- to make recommendations to the Board on all Board appointments having regard to the Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation, candour and any other salient factors);
- to make recommendations to the Board on all new Board appointments, having regard to his/her experience and background;
- to determine annually whether a Director is independent, bearing in mind the guidelines set out in the Code;
- deciding on how the Board's performance may be evaluated and propose objective performance criteria to the Board;
- assessing the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board;
- reviewing of structure, composition and size of the Board;
- reviewing board succession plans for Directors; and
- reviewing training program.

The Company's Constitution provides that one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third, shall retire by rotation at every annual general meeting ("AGM"). Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The following Directors will retire and seek re-election at the forthcoming AGM:

- Mr Chua Tiang Choon, Keith
- Mr Leck Kim Seng

REPORT ON CORPORATE GOVERNANCE

The NC makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.

The Company's Constitution provides that Managing Director not to be subject to retirement by rotation while he continues to hold that office.

During the financial year ended 31 December 2016 ("FY2016"), the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations, and there is presently no need to implement internal guidelines to address their competing time commitments. The NC is also of the opinion that the current board size is adequate for the effective functioning of the Board.

Key information regarding Directors such as academic and professional qualifications, shareholding in the Company and its subsidiaries, board committees served, date of first appointment as Director and date of last re-election as Director are set out in the "Board of Directors" section of this annual report.

Where a vacancy arises, the NC will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his/her ability to enhance the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives, the NC will recommend the candidate to the Board for approval. Under the Company's Constitution, a newly appointed Director shall retire at the AGM following his/her appointment and he/she shall be eligible for re-election.

As for the succession planning for the Directors, NC is of the view that the duties and functions of the Executive Directors can be sufficiently covered by the existing management infrastructure in the event of any unforeseen circumstances.

Principle 5 – Board performance

The NC is responsible for setting the performance criteria to assess the effectiveness of the Board. In the assessment, the NC takes into consideration a number of factors, namely the size and composition of the Board, the Board's access to information, Board proceedings, the discharge of the Board's functions and the communications and guidance given by the Board to the Management.

A formal review of the Board's performance will be undertaken collectively by the Board annually. The Board's performance will also be reviewed by the NC with inputs from the other Board members. The Chairman of the Board will act on the results of the performance evaluation and recommendation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of the Directors, in consultation with the NC.

Upon reviewing the assessment, the NC is of the view that the performance of the Board as a whole is satisfactory. The NC is satisfied that each member of the Board has been effective and efficiently contributed to the Board and the Group during the year.

Each member of the NC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance or re-nomination as a Director.

Principle 6 – Access to information

The Directors are provided with relevant Board papers and information prior to each Board meeting. The Company Secretary or representative from the Secretary's office administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Constitution and the relevant rules and regulations applicable to the Company are complied with.

REPORT ON CORPORATE GOVERNANCE

Board members are also provided with a monthly management report of the Group, comprising financial statements, sales and analysis reports, to apprise the Board regularly on the performance of the Group's business. Other information is also provided to the Board members as needed on an on-going basis.

The Directors have separate and independent access to the Company's senior management, external auditor and the Company Secretary at all times. Should the Directors, either individually or as a group, require independent professional advice, such professionals will be appointed at the Company's expense. The appointment and removal of the Company Secretary are decided by the Board as a whole.

REMUNERATION MATTERS

Principle 7 – Procedures for developing remuneration policies
Principle 8 – Level and mix of remuneration

Remuneration Committee

The RC's objective is to make recommendations to the Board on the Group's framework of executive remuneration as well as to review the adequacy and form of the compensation of Executive Directors (members of the Board who are employees of the Company, whether full time or part-time) to ensure that the compensation realistically commensurate with the responsibilities and risks involved in being an effective Executive Director.

The RC comprises the following three members, the majority of whom, including the Chairman of the RC, are Independent Non-Executive Directors:

- Mr Quek Mong Hua (Chairman and Independent Non-Executive Director)
- Mr Lim Jen Howe (Member and Independent Non-Executive Director)
- Mr Ang Lian Seng (Member and Executive Director)

The Board recognises that the composition of the RC is not in accordance with the Code's guidelines that the RC should be made up of entirely Non-Executive Directors. However, the Board is of the view that the current composition of the RC is able to provide the necessary objective inputs to the various decisions made by the Board. Mr Ang Lian Seng, the member and Executive Director, also abstains from all discussions, deliberations and decision of his own remuneration.

Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee responsibilities. Executive Directors do not receive Directors' fees. Non-Executive Directors are paid Directors' fees, subject to approval of the shareholders at the AGM.

Directors do not decide on their remuneration package and would abstain from voting at RC meetings when their own remuneration is being deliberated.

The RC ensures that the remuneration packages of the Executive Chairman and the Managing Director are in line with the Company's Compensation Policy. They also consider and review the disclosure of Directors' remuneration in the annual report. The RC will also ensure that the Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. The RC's recommendations are submitted to and endorsed by the Board. Though none of the RC members specialises in the area of executive compensation, the RC has access to the Company's human resource manager as well as to external human resource professionals' expert advice where necessary.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

REPORT ON CORPORATE GOVERNANCE

Principle 9 – Disclosure on remuneration

The remuneration of the Directors and the top five key management personnel, who are not Directors of the Company, for FY2016, are disclosed below. The disclosure is to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The remuneration of each Director and the top five key management personnel has been disclosed in the respective bands. The remuneration for the Executive Directors and the top five key management personnel comprises fixed and variable components. The fixed component is in the form of monthly salary whereas the variable component is linked to the performance of the Group and individual. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

The breakdown (in percentage terms) of each Director and the top five key management personnel's remuneration for FY2016, are as follows:

Directors	Salary[1] %	Bonus[1] %	Fees[2] %	Allowances and other benefits %	Total %
$250,000 to below $500,000					
Chua Tiang Choon, Keith	75	25	–	–	100
Ang Yee Lim	73	24	–	3	100
Ang Lian Seng	77	23	–	–	100
Below $250,000					
Leck Kim Seng	85	15	–	–	100
Allan Chua Tiang Kwang	–	–	100	–	100
Quek Mong Hua	–	–	100	–	100
Lim Jen Howe	–	–	100	–	100

Key Management Personnel	Salary[1] %	Bonus[1] %	Fees %	Allowances and other benefits %	Total %
Below $250,000					
Ng Soo Noi	82	18	–	–	100
Khoo Boo Yeow Andrew	82	15	–	3	100
Ng Cheng Wee	78	17	–	5	100
Liew Hock Meng	80	17	–	3	100
Leck Kim Song*	70	24	–	6	100

* *Mr Leck Kim Song is the brother of Executive Director, Mr Leck Kim Seng; uncle of the Executive Director, Mr Ang Lian Seng; and cousin of the Managing Director and Substantial Shareholder, Mr Ang Yee Lim.*

In aggregate, the total remuneration paid to the top five key management personnel in FY2016 is $942,000.

REPORT ON CORPORATE GOVERNANCE

Employees who are the immediate family members of the Directors with remuneration exceeding $50,000 during FY2016 are as follows:

Executives	Salary[1] %	Bonus[1] %	Fees %	Allowances and other benefits %	Total %
From $100,000 to $150,000					
Ang Lian Tiong	82	17	–	1	100
Ang Pheck Choo	82	14	–	4	100

Mr Ang Lian Tiong is the brother of the Executive Director, Mr Ang Lian Seng; nephew of the Managing Director and Substantial Shareholder, Mr Ang Yee Lim; and nephew of the Executive Director, Mr Leck Kim Seng. Ms Ang Pheck Choo is the sister of the Executive Director, Mr Ang Lian Seng; niece of the Managing Director and Substantial Shareholder, Mr Ang Yee Lim; and niece of the Executive Director, Mr Leck Kim Seng.

The RC is of the view that their remunerations are in line with the Company's staff remuneration guidelines and commensurate with their job scopes and level of responsibilities.

Notes:

(1) The salary and bonus percentages shown are inclusive of CPF.

(2) Fees for FY2016 are subject to shareholders' approval at the AGM.

ACCOUNTABILITY AND AUDIT

Principle 10 – Accountability

The Board recognises the importance of providing accurate and relevant information to shareholders on a timely basis to ensure that shareholders have a balanced and understandable assessment of the Group's performance. In order for shareholders to better comprehend the Group's performance, position and prospect, periodic and timely announcements of the Group's developments, price sensitive public reports and all necessary information are made.

The Board reports to the shareholders at each AGM. The Exco is accountable to the Board and provides regular reports of the business to the Board.

Principle 11 – Risk management and internal controls

The internal auditors have reviewed the effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls during the year. There were no significant internal control weaknesses highlighted by the internal auditors during their course of audit. Their reports were provided to the relevant department or business unit for follow-up action. Implementation of the required improvement measures were monitored.

In addition, no major control weaknesses on financial reporting were highlighted by the external auditor in the course of the statutory audit.

The Board is of the view that the system of internal control of the Group provides reasonable, but not absolute, assurance against material financial misstatements or loss. The system also ensures the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices and the identification and containment of business risks. However, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

REPORT ON CORPORATE GOVERNANCE

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management, the Board with the concurrence of the AC, is of the opinion that the risk management and internal controls systems which addresses the Group's financial, operational, compliance and information technology controls risks, during the financial year are effective and adequate.

The Board has received assurance from the Executive Directors and the Group Chief Financial Officer that:

(a) the financial records have been properly maintained and the financial statements for the year ended 31 December 2016 give a true and fair view of the Company's operations and finances; and
(b) the Group's risk management and internal control systems are adequate and effective.

Principle 12 – Audit committee

The AC comprises the following three members, all of whom are Non-Executive Directors and the majority, including the Chairman of the AC, are independent:

- Mr Lim Jen Howe (Chairman and Independent Non-Executive Director)
- Mr Quek Mong Hua (Member and Independent Non-Executive Director)
- Mr Allan Chua Tiang Kwang (Member and Non-Executive Director)

The Chairman of the AC, Mr Lim Jen Howe, is by profession a practicing Public Accountant and is a founding partner of Messrs Thong & Lim, Chartered Accountants of Singapore. He has more than 35 years of experience in finance and accounting. The other members of the AC are experienced in law, business and financial management.

The AC met five times during the year. During the financial year, the AC has:

(a) reviewed the scope of work of the external auditor;
(b) reviewed the scope of work of the internal auditors;
(c) reviewed the audit plans and discussed the results of the findings and evaluation of the Group's system of internal controls;
(d) reviewed interested party transactions of the Group and the procedures set up to monitor and report on such transactions;
(e) met with the Company's external auditor and internal auditors without the presence of Management;
(f) reviewed the independence of the external auditor;
(g) reviewed the quarterly and full year financial results announcements, as well as the annual financial statements of the Group before submission to the Board for approval;
(h) reviewed the Company's procedures for detecting fraud and whistle-blowing matters; and
(i) reviewed the major acquisitions and disposals of the Company.

The AC is also responsible for the nomination of the external auditor for re-appointment. Before nomination, the AC has conducted an annual review of the external auditor's services provided to the Group during the year. The AC has also conducted a review of the cost effectiveness and the non-audit services provided by the auditor to the Group during the year and are satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditor before recommending the auditor's re-appointment.

The AC has recommended to the Board the nomination of Messrs Baker Tilly TFW LLP for re-appointment as external auditor of the Company at the forthcoming AGM. The audit partner of the external auditor is rotated every five years, in accordance with the requirements of the Listing Manual. In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712 and 715. In addition, the AC is satisfied that the Company has complied with Rule 717 of the Listing Manual regarding the audit of the foreign subsidiaries.

The aggregate amount of fees paid and/or payable to the external auditor amounted to approximately $130,750 for audit services and $23,400 for non-audit services rendered by the external auditor.

The AC has full access to and co-operation from Management and has full discretion to invite any Director or officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

REPORT ON CORPORATE GOVERNANCE

The AC also takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements.

The Company has implemented a whistle-blowing policy, whereby employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC is vested with the power and authority to receive, investigate and enforce appropriate action when any such non-compliance matter is brought to its attention.

Principle 13 – Internal audit

The Group has outsourced its internal audit function to JF Virtus Pte Ltd.

The internal auditors ("IA") report directly to the Chairman of the AC.

The role of the IA and scope of its responsibilities are as follows:

- review the Group's key business segments in the different territories in which they operate, on a risk-oriented process based audit;
- apprise Management and report to the AC concerning the adequacy and effectiveness of the system of internal control in all areas of the business of the Group. The system includes the policies, systems and procedures pertaining to procurement, operations, sales and marketing, manufacturing, accounting and financial processes, information technology infrastructure and human resources; and
- assist the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

To achieve its objectives, the IA has unrestricted access to all records, properties and personnel of the Group. The IA has carried out the internal audit function according to the standards set by recognised professional bodies including standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

During the year, the IA reviewed the retail operations in Singapore and Malaysia; support functions of the Group namely supply chain, production and logistics.

The AC will review the adequacy of the function of the IA annually. Based on the review of IA, the AC believes that the IA has adequate resources to perform its function effectively and objectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 – Shareholder rights
Principle 15 – Communication with shareholders
Principle 16 – Conduct of shareholder meetings

The Group has followed closely the requirements in the Listing Manual in disclosing material information through SGXNET relating to its business and operations. The Group's quarterly and full year financial results for the year in review were released within 45 days and 60 days respectively for each of the relevant period. The Group ensures that it does not practise selective disclosure of information to any particular group of persons.

The Company attends to the queries of the shareholders promptly. All shareholders of the Company receive the annual report and notice of AGMs. The notice is also advertised in the newspapers and published on the SGXNET. Separate resolutions are tabled for each distinct issue during the AGMs.

Shareholders are given the opportunity to participate actively during the AGMs and query the Board and Management regarding the Group's business and financial statements. The Company's Constitution allows a shareholder to vote at any general meeting of the Company either personally or by proxy or by attorney or in the case of a corporation, by a representative. If appointing a proxy, a shareholder may appoint one or two proxies to attend and vote in place of the shareholder. The Constitution currently does not allow a shareholder to vote in absentia.

REPORT ON CORPORATE GOVERNANCE

The members of the AC, NC and RC were present together with the external auditor at the last AGM held on 28 April 2016 to address questions raised by shareholders.

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. At these meetings, shareholders are given the opportunity to voice their views and raise issues either formally or informally. These meetings provide excellent opportunity for the Board to engage with shareholders to solicit their feedback.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and Management, and to make these minutes, subsequently approved by the Board, available to shareholders during office hours.

The Company has been declaring interim dividends and final dividends and any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transaction is conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

During the financial year ended 31 December 2016, there were no interested person transactions amounting to more than $100,000.

DEALINGS IN SECURITIES

The Board has adopted Rule 1207(19) of the Listing Manual applicable to the Directors as well as executives in relation to dealings in the Company's securities. Directors and executives are also expected to observe insider trading laws at all times when dealing in the Company's securities. Directors and employees of the Company are reminded at the appropriate time, that dealings in the Company's shares during the period commencing two weeks before the announcement of the Company's interim results or one month before the announcement of the Company's full year results, as the case may be, and ending on the date of announcement of the results, are prohibited. An officer should also not deal in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

There are no material contracts of the Group and of the Company involving the interests of the Executive Chairman, the Managing Director (both of whom are deemed to be in the position of the Chief Executive Officer), each other Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 39 to 100 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 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(ii) 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 in office at the date of this statement are:

Chua Tiang Choon, Keith	(Executive Chairman)
Ang Yee Lim	(Managing Director)
Ang Lian Seng	(Executive)
Leck Kim Seng	(Executive)
Allan Chua Tiang Kwang	(Non-executive)
Quek Mong Hua	(Independent and non-executive)
Lim Jen Howe	(Independent and non-executive)

Arrangement to enable directors to acquire benefits

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 objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, except as follows:

	Shares held by directors			Shareholdings in which the directors are deemed to have an interest		
Name of directors	**At 1.1.2016**	**At 31.12.2016**	**At 21.1.2017**	**At 1.1.2016**	**At 31.12.2016**	**At 21.1.2017**
The Company – Ordinary shares						
Chua Tiang Choon,Keith	300,000	300,000	300,000	56,925,858	56,925,858	56,925,858
Allan Chua Tiang Kwang	300,000	300,000	300,000	56,925,858	56,925,858	56,925,858
Ang Yee Lim	92,004,901	96,004,901	96,004,901	–	–	–
Ang Lian Seng	2,300,000	2,300,000	2,300,000	–	–	–
Leck Kim Seng	300,000	300,000	300,000	–	–	–
Lim Jen Howe	300,000	300,000	300,000	–	–	–
Quek Mong Hua	300,000	300,000	300,000	40,000	40,000	40,000

The deemed interests of Mr Chua Tiang Choon, Keith and Mr Allan Chua Tiang Kwang in the shares of the Company are by virtue of their shareholdings in Alby (Private) Limited, which in turn holds shares in Kechapi Pte Ltd. At 31 December 2016, Kechapi Pte Ltd holds 56,925,858 shares in the Company.

Mr Chua Tiang Choon, Keith, Mr Allan Chua Tiang Kwang and Mr Ang Yee Lim, by virtue of their interests of not less than 20% of the issued share capital of the Company, are deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiary corporations, and in the shares of the following subsidiary corporations that are not wholly-owned by the Group:

	Number of ordinary shares	
	At 1.1.2016	**At 31.12.2016**
ABR (HK) Limited	8,001	8,001
Cine Art Pictures Pte Ltd	55,000	55,000
Kitchen Alchemy Pte Ltd	255,000	255,000
Oishi Japanese Pizza Pte Ltd	925,000	925,000
Team-Up Overseas Investment Pte Ltd	70,000	70,000

Material contracts

There are no material contracts of the Group and of the Company involving the interests of the Executive Chairman, the Managing Director (both of whom are deemed to be in the position of the Chief Executive Officer), each other director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

Share options

During the financial year, no options to take up unissued shares of the Company or its subsidiary corporations were granted.

During the financial year, there were no shares of the Company or its subsidiary corporations issued by virtue of the exercise of options to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or its subsidiary corporations under option.

Audit Committee

The Audit Committee comprises three members, two of whom are independent directors. The members of the Audit Committee for the financial year are:

Lim Jen Howe (Chairman)
Quek Mong Hua
Allan Chua Tiang Kwang

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, Chapter 50 and performed the following functions:

(a) reviewed the independence and objectivity of the external auditor;

(b) reviewed the financial statements of the Company and of the Group for the financial year ended 31 December 2016 and the independent external auditor's report thereon;

(c) reviewed the overall scope of the audit work carried out by the independent external auditor and also met with the independent external auditor to discuss the results of their audit and their evaluation of the internal accounting control system and internal control procedures;

(d) reviewed the overall scope and timing of the work to be carried out by the internal auditors and also met with the internal auditors to discuss the results of their internal audit procedures; and

(e) reviewed interested person transactions.

The Audit Committee has recommended to the Board of Directors that the independent auditor, Baker Tilly TFW LLP, be re-appointed as auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chua Tiang Choon, Keith
Director

Ang Yee Lim
Director

28 March 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of ABR Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ABR Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 39 to 100, which comprise the statements of financial position of the Group and of the Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company 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 and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

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.

Revenue transactions

Description of key audit matter:
Revenue is one of the key elements in the financial statements used as a measure of financial performance of an entity. The Group's revenue totalled $103,925,000 for the financial year ended 31 December 2016 and comprises mainly revenue from sales of food and beverages from its restaurants, outlets and confectionary operations (note 4). As disclosed in note 2.2 to the financial statements, the Group recognises revenue from food and beverages when food and beverages have been served or upon delivery to customers. Revenue transactions are initiated and processed at the Group's various restaurants and outlets located in Singapore and Malaysia. Accuracy of revenue recorded is reliant on operating effectiveness of the internal control procedures implemented at the respective restaurants and outlets as well as centralised review and reconciliation control procedures.

INDEPENDENT AUDITOR'S REPORT

To the Members of ABR Holdings Limited

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Revenue transactions (cont'd)

Our audit procedures and response:
Our audit procedures include obtaining an understanding of the overall revenue process, information systems and business processes by which revenue transactions are initiated, processed, corrected as necessary, recorded in the general ledger and reported in the financial statements. After obtaining an understanding, we performed observation and evaluated the design of the internal controls over revenue transactions. We tested effectiveness of internal controls relevant to our audit to obtain an appropriate basis for reliance on the controls. Our audit approach was designed to be responsive to our assessed risk of material misstatement over revenue and comprised a combination of test of controls and substantive procedures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2016 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of ABR Holdings Limited

Report on the Audit of the Financial Statements (cont'd)

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.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of ABR Holdings Limited

Report on the Audit of the Financial Statements (cont'd)

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

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 Foong Chooi Chin.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2016

		Group	
		2016	2015
	Note	$'000	$'000
Revenue	4	**103,925**	100,411
Cost of sales		**(57,816)**	(54,355)
Gross profit		**46,109**	46,056
Other income	5	**2,590**	2,088
Expenses			
Selling, distribution and outlet expenses		**(28,080)**	(26,211)
Administrative expenses		**(12,758)**	(12,014)
Other expenses		**(1,116)**	(932)
Finance costs	6	**(6)**	(5)
Share of results of equity-accounted investee, net of tax		**(6)**	(51)
Profit before tax	7	**6,733**	8,931
Income tax expense	9	**(1,122)**	(1,350)
Profit for the year		**5,611**	7,581
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences arising on consolidation		**234**	(104)
Other comprehensive income/(loss) for the year, net of tax		**234**	(104)
Total comprehensive income for the year		**5,845**	7,477
Profit/(loss) attributable to:			
Owners of the Company		**5,410**	7,637
Non-controlling interests		**201**	(56)
Profit for the year		**5,611**	7,581
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**5,664**	7,618
Non-controlling interests		**181**	(141)
Total comprehensive income for the year		**5,845**	7,477
Earnings per share for the year attributable to owners of the Company			
Basic	10	**2.69 cents**	3.80 cents
Diluted	10	**2.69 cents**	3.80 cents

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

At 31 December 2016

		Group		Company	
		2016	2015	2016	2015
	Note	$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**22,113**	19,844	**10,176**	8,806
Investment properties	12	**3,350**	3,508	**1,038**	1,076
Intangible assets	13	**278**	292	**73**	107
Investments in subsidiaries	14	**–**	–	**12,256**	7,426
Investments in associated companies	15	**–**	–	**–**	–
Held-to-maturity financial assets	16	**–**	–	**–**	–
Available-for-sale financial assets	17	**35**	35	**35**	35
Loans to subsidiaries	18(i)	**–**	–	**6,239**	6,719
Total non-current assets		**25,776**	23,679	**29,817**	24,169
Current assets					
Inventories	20	**2,405**	2,374	**1,422**	1,677
Trade and other receivables	21	**7,107**	6,975	**6,523**	5,771
Fixed deposits	22	**60,603**	53,219	**56,437**	52,084
Cash and bank balances	22	**21,174**	29,003	**5,728**	13,097
Total current assets		**91,289**	91,571	**70,110**	72,629
Total assets		**117,065**	115,250	**99,927**	96,798
EQUITY AND LIABILITIES					
Equity					
Share capital	23	**43,299**	43,299	**43,299**	43,299
Other reserves	24	**(82)**	(336)	**–**	–
Accumulated profits		**56,327**	55,942	**44,276**	41,472
Equity attributable to owners of the Company		**99,544**	98,905	**87,575**	84,771
Non-controlling interests		**491**	317	**–**	–
Total equity		**100,035**	99,222	**87,575**	84,771
Non-current liability					
Deferred tax liabilities	25	**1,353**	1,333	**510**	540
Total non-current liability		**1,353**	1,333	**510**	540
Current liabilities					
Trade and other payables	26	**12,334**	11,718	**9,275**	9,047
Provisions	27	**1,944**	1,647	**1,702**	1,479
Borrowings	28	**176**	–	**–**	–
Tax payable		**1,223**	1,330	**865**	961
Total current liabilities		**15,677**	14,695	**11,842**	11,487
Total liabilities		**17,030**	16,028	**12,352**	12,027
Total equity and liabilities		**117,065**	115,250	**99,927**	96,798

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2016

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	*Other reserves $'000	Accumulated profits $'000	Non-controlling interests $'000
Group						
Balance at 1.1.2016	**99,222**	**98,905**	**43,299**	**(336)**	**55,942**	**317**
Profit for the year	**5,611**	**5,410**	**–**	**–**	**5,410**	**201**
Other comprehensive income/(loss)						
Currency translation differences	**234**	**254**	**–**	**254**	**–**	**(20)**
Other comprehensive income/(loss) for the year, net of tax	**234**	**254**	**–**	**254**	**–**	**(20)**
Total comprehensive income for the year	**5,845**	**5,664**	**–**	**254**	**5,410**	**181**
Distributions to owners						
Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2015	**(3,015)**	**(3,015)**	**–**	**–**	**(3,015)**	**–**
Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2016	**(2,010)**	**(2,010)**	**–**	**–**	**(2,010)**	**–**
Dividend paid to non-controlling interests	**(7)**	**–**	**–**	**–**	**–**	**(7)**
Total distributions to owners	**(5,032)**	**(5,025)**	**–**	**–**	**(5,025)**	**(7)**
Balance at 31.12.2016	**100,035**	**99,544**	**43,299**	**(82)**	**56,327**	**491**

* An analysis of "Other reserves" is presented in note 24.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2016

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	*Other reserves $'000	Accumulated profits $'000	Non-controlling interests $'000
Group						
Balance at 1.1.2015	99,717	96,532	43,299	(317)	53,550	3,185
Profit/(loss) for the year	7,581	7,637	–	–	7,637	(56)
Other comprehensive loss						
Currency translation differences	(104)	(19)	–	(19)	–	(85)
Other comprehensive loss for the year, net of tax	(104)	(19)	–	(19)	–	(85)
Total comprehensive income/(loss) for the year	7,477	7,618	–	(19)	7,637	(141)
Distributions to owners						
Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2014	(3,015)	(3,015)	–	–	(3,015)	–
Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2015	(2,010)	(2,010)	–	–	(2,010)	–
Dividend paid to non-controlling interests	(7)	–	–	–	–	(7)
Total distributions to owners	(5,032)	(5,025)	–	–	(5,025)	(7)
Change in ownership interests in subsidiaries						
Acquisition of non-controlling interest without a change in control	(2,940)	(220)	–	–	(220)	(2,720)
Total change in ownership interests in subsidiaries	(2,940)	(220)	–	–	(220)	(2,720)
Total transactions with owners	(7,972)	(5,245)	–	–	(5,245)	(2,727)
Balance at 31.12.2015	99,222	98,905	43,299	(336)	55,942	317

* An analysis of "Other reserves" is presented in note 24.

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2016

	Total equity $'000	Share capital $'000	Accumulated profits $'000
Company			
Balance at 1.1.2016	**84,771**	**43,299**	**41,472**
Net profit and total comprehensive income for the year	**7,829**	**–**	**7,829**
Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2015	**(3,015)**	**–**	**(3,015)**
Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2016	**(2,010)**	**–**	**(2,010)**
	(5,025)	**–**	**(5,025)**
Balance at 31.12.2016	**87,575**	**43,299**	**44,276**
Balance at 1.1.2015	84,218	43,299	40,919
Net profit and total comprehensive income for the year	5,578	–	5,578
Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2014	(3,015)	–	(3,015)
Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2015	(2,010)	–	(2,010)
	(5,025)	–	(5,025)
Balance at 31.12.2015	84,771	43,299	41,472

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2016

	2016 $'000	2015 $'000
Cash flows from operating activities		
Profit before tax	**6,733**	8,931
Adjustments for:		
Depreciation and amortisation	**3,384**	3,169
Loss on disposal of property, plant and equipment, net	**5**	5
Property, plant and equipment written off	**596**	824
Reversal of impairment loss for investment property	**–**	(275)
(Reversal of)/impairment in value in an associated company	**(6)**	6
Impairment of intangible asset	**–**	68
Share of results of equity-accounted investee	**6**	51
Interest expense	**6**	5
Interest income	**(771)**	(602)
Operating cash flows before movements in working capital	**9,953**	12,182
Changes in working capital:		
Inventories	**(31)**	163
Trade and other receivables	**(119)**	(11)
Trade and other payables	**567**	(532)
Provisions	**42**	(43)
Currency translation differences	**166**	322
Cash from operations	**10,578**	12,081
Income tax paid	**(1,202)**	(1,675)
Net cash generated from operating activities	**9,376**	10,406
Cash flows from investing activities		
Interest received	**771**	602
Purchase of property, plant and equipment	**(5,839)**	(3,179)
Proceeds from disposal of property, plant and equipment	**17**	24
Addition of intangible assets	**(23)**	–
Net cash used in investing activities	**(5,074)**	(2,553)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2016

	2016 $'000	2015 $'000
Cash flows from financing activities		
Interest expense paid	**(6)**	(5)
Repayment of borrowings	**–**	(116)
Proceeds from borrowings	**176**	–
Acquisition of non-controlling interests	**–**	(2,940)
Funds placed in non-liquid deposits	**(3)**	(23)
Dividends paid to shareholders	**(5,025)**	(5,025)
Dividends paid to non-controlling interests	**(7)**	(7)
Net cash used in financing activities	**(4,865)**	(8,116)
Net decrease in cash and cash equivalents	**(563)**	(263)
Cash and cash equivalents at beginning of financial year	**82,110**	82,348
Effect of exchange rate fluctuations on cash and cash equivalents	**117**	25
Cash and cash equivalents at end of financial year	**81,664**	82,110
Cash and cash equivalents comprise:		
Fixed deposits	**60,603**	53,219
Cash and bank balances	**21,174**	29,003
	81,777	82,222
Less: Funds placed in non-liquid deposits (note 22)	**(113)**	(112)
	81,664	82,110

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Co. Reg. No. 197803023H) is incorporated and domiciled in Singapore and its registered office is at 41 Tampines Street 92, Singapore 528881.

The principal activities of the Company are the manufacture of ice cream, the operation of Swensen's ice cream parlours cum restaurants, operation of other specialty restaurants and investment holding. The principal activities of the subsidiaries are shown in note 14.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements, expressed in Singapore Dollar ("$") which is the Company's functional currency, have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in note 3 to the financial statements.

The carrying amounts of fixed deposits, cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial results or financial position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

At the end of the reporting period, the following FRS and INT FRS were issued, revised or amended but not effective and which the Group has not early adopted:

FRS 109: Financial Instruments
FRS 115: Revenue from Contracts with Customers
FRS 116: Leases
Amendments to FRS 110 and FRS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 7: Disclosure Initiative
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
Amendments to FRS 40: Transfers of Investment Property
Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts
Improvements to FRSs (December 2016)
INT FRS 122: Foreign Currency Transactions and Advance Consideration

The Group anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group, except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in FRS 115 by applying a 5-step approach.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Management is currently assessing the impact of applying the new standard on the Group's financial statements. The Group plans to adopt the standard when it becomes effective in financial year ending 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

FRS 116 Leases

FRS 116 replaces the existing FRS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $40,945,000 (note 31(a)). The Group will perform a detailed assessment of the impact and plans to adopt the standard on the required effective date.

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (full IFRS convergence) in 2018. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

(a) Sales of food and beverages

Revenue from sales of food and beverages is recognised when the food and beverages have been served or upon delivery to customers.

(b) Sales of goods

Revenue from sales of goods is recognised when a Group entity has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

(c) Services

Revenue from rendering of services is recognised when services are rendered.

(d) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.2 Revenue recognition (cont'd)

(e) Royalty income

Royalty income is recognised at a fixed predetermined percentage of revenue from certain restaurants.

(f) Dividend income

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

(g) Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

2.3 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. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

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.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any 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 fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in note 2.4. In instances where the latter amount exceeds the former, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by owners of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interest based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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 (i.e. transactions with owner in their capacity as owners). The carrying amount 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.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interests and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

2.4 Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.4 Goodwill (cont'd)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combinations. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, associated company or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associated company is described in note 2.9.

2.5 Property, plant and equipment and depreciation

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value, except for freehold land, restaurant supplies, crockery and cutlery that are not subject to depreciation. The cost of property, plant and equipment initially recognised includes its purchase price, and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the assets.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. When restaurant supplies, crockery and cutlery are replaced, the costs of replacement are expensed off.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of all property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Leasehold property	50
Building and structural improvements	15 – 50
Leasehold improvements	1 – 10
Furniture, fixtures and fittings	5 – 10
Plant and equipment	3 – 12
Motor vehicles	5 – 12

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.5 Property, plant and equipment and depreciation (cont'd)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.6 Investment properties

Investment properties comprise buildings that are held for long-term rental yields and/or for capital appreciation. Investment properties comprise completed investment properties.

Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Depreciation begins when the building is available for use and is calculated on the straight-line method over 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at end of the reporting period. The effects of any revision are included in profit or loss when the changes 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.7 Intangible assets

(i) Goodwill (see note 2.4)

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. 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 treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Amortisation for intangible assets with finite lives is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives are as follows:

• Franchise rights/licence	3 to 20 years
• Trademark	2.75 years
• Knowhow	indefinite

2.8 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.9 Associated companies

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associated company of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associated company.

Upon loss of significant influence over the associated company, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's financial statements, investments in associated companies are carried at cost less accumulated impairment losses. On disposal of investment in associated companies, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets (other than goodwill and indefinite-life intangible assets)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.11 Financial assets

(a) Classification

The Group classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting period. The Group's financial assets are loans and receivables, held-to-maturity financial assets and available-for-sale financial assets.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting period which are classified as non-current assets. Loans and receivables comprise loans to subsidiaries, trade and other receivables (excluding prepayments), fixed deposits and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(a) Classification (cont'd)

(ii) Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iii) Financial assets, available-for-sale

Financial assets, available-for-sale include equity that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the assets within 12 months after the end of the reporting period.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less impairment loss. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method, less impairment.

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in fair value reserve/other comprehensive income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(d) Subsequent measurement (cont'd)

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

(e) Impairment

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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

(ii) Financial assets, held-to-maturity

If there is objective evidence that an impairment loss on held-to-maturity financial assets has been incurred, the carrying amount of the asset is reduced by an allowance for impairment and the impairment loss is recognised in profit or loss. This allowance, calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognised in the profit or loss in the period in which the impairment occurs.

Impairment loss is reversed through the profit or loss if the impairment loss decrease can be related objectively to an event occurring after the impairment loss was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(e) Impairment (cont'd)

(iii) Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss when the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised. However, impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment 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. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

(f) Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using a first-in first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

2.14 Share capital

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.

2.15 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, 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 asset is substantially completed for its intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2.16 Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method (except for financial guarantees).

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.17 Financial guarantees

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.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantee contracts are amortised in profit or loss over the period of the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.18 Leases

(a) When a group entity is the lessee

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(b) When a group entity is the lessor

Operating leases

Leases where the Group retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

2.19 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.19 Income taxes (cont'd)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred taxes are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

2.20 Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated costs of dismantlement, removal or restoration items of property, plant and equipment arising from the acquisition or use of assets (note 2.5). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money.

Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2.21 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 service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.21 Employee benefits (cont'd)

(b) Employee leave entitlement

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

2.22 Foreign currency translation and transactions

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Singapore Dollar, which is the Company's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in the foreign currency translation reserve within equity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2 Summary of significant accounting policies (cont'd)

2.22 Foreign currency translation and transactions (cont'd)

(c) Translation of Group entities' financial statements (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the foreign currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

2.24 Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

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. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

3 Key source of estimation uncertainty

The key assumptions concerning the future and other key source of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets (other than goodwill and other indefinite-life intangible assets)

At each reporting date, the Group and Company assess whether there are any indications of impairment for all non-financial assets. The Group and Company also assess whether there is any indication that an impairment loss recognised in prior periods for a non-financial asset, other than goodwill, may no longer exist or may have decreased.

If any such indication exists, the Group and Company estimate the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate in order to determine the present value of the cash flows. The carrying values of the Group and Company's property, plant and equipment are disclosed in note 11. Details of the key assumptions applied in the Company's impairment assessment of its investments in subsidiaries and the carrying amounts of the investments are disclosed in note 14. Changes in assumptions made and discount rate applied could affect the carrying values of these assets.

Impairment of receivables due from subsidiaries

The Company assesses at the end of each reporting period whether there is any objective evidence that the receivables due from its subsidiaries are impaired or whether an impairment loss recognised in prior periods has decreased. To determine whether there is objective evidence of impairment, the Company considers factors such as probability of insolvency or significant financial difficulties of the subsidiaries and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Company's receivables due from subsidiaries at the end of the reporting period are disclosed in notes 18 and 21 to the financial statements. If the present value of estimated future cash flows differ from management's estimates, the Company's allowance for doubtful receivables and the carrying amounts of receivables from subsidiaries at the end of the reporting period will be affected accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

4 Revenue

	Group	
	2016	2015
	$'000	$'000
Sales	**96,916**	93,371
Service charges	**6,661**	6,663
Royalty income	**348**	377
	103,925	100,411

5 Other income

	Group	
	2016	2015
	$'000	$'000
Rental income	**341**	285
Interest income	**771**	602
Other income	**142**	204
Special Employment Credit and Wage Credit Scheme	**1,336**	997
	2,590	2,088

6 Finance costs

	Group	
	2016	2015
	$'000	$'000
Banker's acceptance interests	**6**	5

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

7 Profit before tax

Profit before tax is arrived at after charging/(crediting):

	Note	Group 2016 $'000	Group 2015 $'000
Audit fees payable to:			
– auditor of the Company		**131**	123
– other auditors*		**29**	35
Fees for non-audit services payable to:			
– auditor of the Company		**23**	16
Amortisation of intangible assets	13(b), (c)	**86**	132
Cost of inventories included in cost of sales		**26,858**	25,692
Depreciation of property, plant and equipment	11	**3,140**	2,878
Depreciation of investment properties	12	**158**	159
Remuneration of the directors of the Company:	8		
– salaries, fees and benefits-in-kind		**1,385**	1,383
– contribution to defined contribution plans		**44**	37
Remuneration of key management personnel (non-directors):			
– salaries and related costs		**1,232**	1,180
– contribution to defined contribution plans		**115**	88
Remuneration of staff:			
– salaries and related costs		**30,884**	28,473
– contribution to defined contribution plans		**2,538**	2,234
(Reversal)/impairment in value in investment in an associated company	15	**(6)**	6
Impairment loss on intangible assets	13(c)	**–**	68
Reversal of impairment loss for investment property	12	**–**	(275)
Loss on disposal of property, plant and equipment, net		**5**	5
Allowances for doubtful non-trade receivables	19	**3**	16
Rental expenses – operating leases**		**18,408**	16,937
Write-offs:			
– property, plant and equipment		**596**	824
– inventories		**15**	60
Net foreign exchange losses		**69**	284
Allowance for inventories obsolescences, net		**8**	27
Expenses paid to related parties***		**14**	–

* Include independent member firms of the Baker Tilly International network.

** Included in rental expenses are contingent rents of $4,301,000 (2015: $3,379,000).

*** Transactions with related parties are on terms agreed between the parties concerned.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

8 Remuneration bands of directors of the Company

Number of directors of the Company in remuneration bands:

	Group	
	2016	**2015**
$250,000 to below $500,000	**3**	3
Below $250,000	**4**	4
	7	7

9 Income tax expense

	Group	
	2016	**2015**
	$'000	**$'000**
Tax expense attributable to profits is made up of:		
Current income tax provision	**1,189**	1,275
Deferred tax (note 25)	**59**	84
	1,248	1,359
Over provision in respect of previous financial years		
– current income tax	**(96)**	(9)
– deferred tax (note 25)	**(30)**	–
	1,122	1,350

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2016	**2015**
	$'000	**$'000**
Profit before tax	**6,733**	8,931
Tax calculated at a tax rate of 17%	**1,145**	1,518
Effect of different tax rates in other countries	**94**	91
Statutory stepped income exemption	**(65)**	(60)
Income not subject to tax	**(410)**	(458)
Expenses not deductible for tax purposes	**728**	669
Effect of tax incentive and tax rebate	**(169)**	(419)
Over provision in preceding financial year	**(126)**	(9)
Deferred tax asset not recognised	**18**	55
Utilisation of unrecognised deductible temporary differences	**(55)**	(22)
Others	**(38)**	(15)
	1,122	1,350

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

9 Income tax expense (cont'd)

The statutory income tax rate applicable is 17% (2015: 17%) for companies incorporated in Singapore and 24% (2015: 25%) for companies incorporated in Malaysia.

Subject to the satisfaction of the conditions for group relief, tax losses of nil (2015: $20,000) and capital allowances of $350,000 (2015: $400,000) arising in the current year are transferred from a subsidiary to the Company under the group relief system. These tax losses and capital allowances are transferred from the subsidiary at no consideration.

At the end of the reporting period, the Group has potential tax benefits arising from unabsorbed tax losses of approximately $12,638,000 (2015: $15,916,000), and unabsorbed capital allowances of approximately $2,396,000 (2015: $2,394,000), that are available for carry-forward to offset against future taxable income of the companies in which the tax losses and capital allowances arose, 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.

Deferred tax assets on the following temporary differences have not been recognised in the financial statements at the end of the reporting period:

	2016 $'000	2015 $'000
Unabsorbed tax losses	**12,638**	15,916
Unabsorbed capital allowances	**2,385**	2,394
	15,023	18,310

Deferred tax assets are not recognised because it is not probable that future taxable profits will be available against which those deductible temporary differences can be utilised.

10 Earnings per share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2016 $'000	2015 $'000
Profit for the year attributable to owners of the Company	**5,410**	7,637

	2016	2015
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**200,996**	200,996
Basic earnings per share (cents)	**2.69**	3.80
Diluted earnings per share (cents)	**2.69**	3.80

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

As at 31 December 2016 and 2015, diluted earnings per share is similar to basic earnings per share as there were no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

11 Property, plant and equipment

	Freehold land $'000	Buildings and structural improvements $'000	Leasehold property $'000	Leasehold improvements $'000	Furniture, fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Restaurant supplies, crockery and cutlery $'000	Total $'000
Group									
2016									
Cost									
At 1.1.2016	**366**	**12,419**	**2,300**	**13,573**	**5,198**	**13,754**	**811**	**692**	**49,113**
Additions	**–**	**–**	**–**	**2,741**	**1,269**	**1,786**	**105**	**263**	**6,164**
Disposals/write-off	**–**	**–**	**–**	**(1,041)**	**(407)**	**(727)**	**–**	**(102)**	**(2,277)**
Reclassification	**–**	**–**	**–**	**20**	**121**	**(141)**	**–**	**–**	**–**
Translation	**(8)**	**(36)**	**–**	**(21)**	**(23)**	**(80)**	**(10)**	**–**	**(178)**
At 31.12.2016	**358**	**12,383**	**2,300**	**15,272**	**6,158**	**14,592**	**906**	**853**	**52,822**
Accumulated depreciation and impairment losses									
At 1.1.2016	**–**	**5,542**	**1,173**	**9,905**	**2,835**	**9,257**	**557**	**–**	**29,269**
Charge for 2016	**–**	**203**	**46**	**1,274**	**529**	**1,024**	**64**	**–**	**3,140**
Disposals/write-off	**–**	**–**	**–**	**(746)**	**(252)**	**(596)**	**–**	**–**	**(1,594)**
Reclassification	**–**	**–**	**–**	**(4)**	**71**	**(67)**	**–**	**–**	**–**
Translation	**–**	**(15)**	**–**	**(9)**	**(12)**	**(62)**	**(8)**	**–**	**(106)**
At 31.12.2016	**–**	**5,730**	**1,219**	**10,420**	**3,171**	**9,556**	**613**	**–**	**30,709**
Net carrying value									
At 31.12.2016	**358**	**6,653**	**1,081**	**4,852**	**2,987**	**5,036**	**293**	**853**	**22,113**
2015									
Cost									
At 1.1.2015	420	12,670	2,300	14,273	5,317	13,652	767	766	50,165
Additions	–	–	–	850	675	1,564	116	9	3,214
Disposals/write-off	–	–	–	(1,422)	(656)	(944)	–	(83)	(3,105)
Translation	(54)	(251)	–	(128)	(138)	(518)	(72)	–	(1,161)
At 31.12.2015	366	12,419	2,300	13,573	5,198	13,754	811	692	49,113
Accumulated depreciation and impairment losses									
At 1.1.2015	–	5,431	1,127	9,817	2,855	9,509	540	–	29,279
Charge for 2015	–	205	46	1,209	424	932	62	–	2,878
Disposals/write-off	–	–	–	(1,073)	(382)	(797)	–	–	(2,252)
Translation	–	(94)	–	(48)	(62)	(387)	(45)	–	(636)
At 31.12.2015	–	5,542	1,173	9,905	2,835	9,257	557	–	29,269
Net carrying value									
At 31.12.2015	366	6,877	1,127	3,668	2,363	4,497	254	692	19,844

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

11 Property, plant and equipment (cont'd)

	Leasehold property $'000	Leasehold improvements $'000	Furniture, fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Restaurant supplies, crockery and cutlery $'000	Total $'000
Company							
2016							
Cost							
At 1.1.2016	**2,300**	**7,785**	**3,864**	**8,852**	**185**	**692**	**23,678**
Additions	**–**	**1,922**	**696**	**949**	**69**	**163**	**3,799**
Disposals/write-off	**–**	**(837)**	**(331)**	**(550)**	**–**	**(102)**	**(1,820)**
At 31.12.2016	**2,300**	**8,870**	**4,229**	**9,251**	**254**	**753**	**25,657**
Accumulated depreciation and impairment losses							
At 1.1.2016	**1,173**	**5,240**	**2,318**	**5,961**	**180**	**–**	**14,872**
Charge for 2016	**46**	**871**	**298**	**671**	**11**	**–**	**1,897**
Disposals/write-off	**–**	**(619)**	**(211)**	**(458)**	**–**	**–**	**(1,288)**
At 31.12.2016	**1,219**	**5,492**	**2,405**	**6,174**	**191**	**–**	**15,481**
Net carrying value							
At 31.12.2016	**1,081**	**3,378**	**1,824**	**3,077**	**63**	**753**	**10,176**
2015							
Cost							
At 1.1.2015	2,300	8,509	4,081	8,659	185	766	24,500
Additions	–	552	315	1,051	–	9	1,927
Disposals/write-off	–	(1,276)	(532)	(858)	–	(83)	(2,749)
At 31.12.2015	2,300	7,785	3,864	8,852	185	692	23,678
Accumulated depreciation and impairment losses							
At 1.1.2015	1,127	5,294	2,322	6,106	172	–	15,021
Charge for 2015	46	898	294	583	8	–	1,829
Disposals/write-off	–	(952)	(298)	(728)	–	–	(1,978)
At 31.12.2015	1,173	5,240	2,318	5,961	180	–	14,872
Net carrying value							
At 31.12.2015	1,127	2,545	1,546	2,891	5	692	8,806

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

11 Property, plant and equipment (cont'd)

At the end of the reporting period, the following property, plant and equipment with net carrying value set out below were pledged to certain financial institutions for banking facilities.

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Freehold land	**358**	366	**–**	–
Buildings and structural improvements	**6,653**	6,877	**–**	–
Leasehold property	**1,081**	1,127	**1,081**	1,127
Leasehold improvements	**45**	57	**–**	–
	8,137	8,427	**1,081**	1,127

Cash paid for additions of property, plant and equipment of the Group for the financial year amounted to $5,839,000 (2015: $3,179,000). Included in the current year's additions of property, plant and equipment of the Group and Company are amounts of $255,000 (2015: $35,000) and $216,000 (2015: $28,000) respectively, representing provision for restoration costs.

12 Investment properties

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cost				
At beginning and end of financial year	**5,597**	5,597	**1,863**	1,863
Accumulated depreciation and impairment losses				
At beginning of financial year	**2,089**	2,205	**787**	750
Depreciation charge for the financial year (note 7)	**158**	159	**38**	37
Reversal of impairment loss (note 7)	**–**	(275)	**–**	–
At end of financial year	**2,247**	2,089	**825**	787
Net carrying value				
At end of financial year	**3,350**	3,508	**1,038**	1,076

In 2015, the Group reversed impairment loss for an investment property amounted to $275,000 by reference to fair value of the investment property at 31 December 2015 determined by an accredited independent valuer.

At the end of the reporting period, the following investment properties with net carrying value set out below were pledged to certain financial institutions for banking facilities.

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Investment properties	**1,038**	1,076	**1,038**	1,076

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For the Financial Year Ended 31 December 2016

12 Investment properties (cont'd)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Consolidated statement of profit or loss and other comprehensive income				
Rental income from investment properties	**332**	282	**75**	84
Direct operating expenses arising from investment properties that generated rental income (including depreciation charge)	**(255)**	(276)	**(57)**	(57)

Based on desk-top valuations carried out by independent professional valuers, the fair values of the investment properties of the Group and Company on 31 December 2016 are $10,127,000 (2015: $10,405,000) and $3,900,000 (2015: $4,150,000) respectively (note 33(d)).

Details of investment properties are as follows:

Description	**Location**	**Floor area (Sqm)**	**Tenure of Lease (Use)**
Singapore			
A shop unit located on the first storey of a shopping-cum-residential development known as City Plaza	810 Geylang Road #01-103 City Plaza Singapore 409286	25	Freehold (Rental)
A shop unit located on the second storey of Far East Plaza	14 Scotts Road #02-22 Far East Plaza Singapore 228213	39	Freehold (Rental)
A HDB shop unit with living quarters located within Block 5 Changi Village Road	Block 5 Changi Village Road #01-2001 Singapore 500005	358	85 years from 1 July 1994 (Rental)
Indonesia			
An apartment unit in Ascott Towers Indonesia	Unit 06-23 Jalan Kebon Kacang Raya No. 2 Jakarta 10230	159	20 years and is renewable for a further term of 20 years (Rental)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

13 Intangible assets

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Composition				
Knowhow and related business goodwill (note (a))	**77**	77	**–**	–
Trademark (note (b))	**–**	–	**–**	–
Franchise rights (note (c))	**201**	215	**73**	107
	278	292	**73**	107

	Group	
	2016	2015
	$'000	$'000
(a) Knowhow and related business goodwill		
At cost	**674**	674
Allowance for impairment loss	**(597)**	(597)
Net carrying value	**77**	77
Allowance for impairment at beginning and end of financial year	**597**	597

Net carrying value of $77,000 represents knowhow acquired which is a proprietary knowledge with respect of "Tip Top" curry puffs.

	Group	
	2016	2015
	$'000	$'000
(b) Trademark		
At cost		
At beginning and end of financial year	**158**	158
Accumulated amortisation		
At beginning of financial year	**158**	107
Charge for the financial year (note 7)	**–**	51
At end of financial year	**158**	158
Net carrying value	**–**	–

The amortisation of trademark is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The Group's trademark refers to the trade name of "Tip Top", registered on 23 November 2005 and has been fully amortised in 2015.

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For the Financial Year Ended 31 December 2016

13 Intangible assets (cont'd)

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
(c) Franchise rights/licence				
At cost				
At beginning of financial year	**1,483**	1,473	**406**	406
Write-off	**(252)**	–	**–**	–
Additions	**71**	–	**–**	–
Translation difference	**1**	10	**–**	–
	1,303	1,483	**406**	406
Accumulated amortisation	**(1,034)**	(1,200)	**(333)**	(299)
Allowance for impairment loss	**(68)**	(68)	**–**	–
At end of financial year	**201**	215	**73**	107

Movements in accumulated amortisation of franchise rights during the financial year are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
At beginning of financial year	**1,200**	1,119	**299**	266
Amortisation (note 7)	**86**	81	**34**	33
Write-off	**(252)**	–	**–**	–
At end of financial year	**1,034**	1,200	**333**	299

Movement in allowance for impairment loss of franchise rights/licence during the financial year are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
At beginning of financial year	**68**	–	**–**	–
Allowance made during the year (note 7)	**–**	68	**–**	–
At end of financial year	**68**	68	**–**	–

The amortisation of franchise rights is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

13 Intangible assets (cont'd)

The Group's and Company's franchise rights/licence consist of:

(i) the amount incurred by ABR (HK) Limited, a subsidiary, for exclusive franchise rights of "Swensen's" in Singapore, Malaysia, Brunei and the People's Republic of China. The franchise rights for Singapore, Malaysia and Brunei are for a period of 20 years from 27 November 1998 to 26 November 2018. The franchise rights for the People's Republic of China is for a period of 20 years from 13 August 2001 to 12 August 2021;

(ii) the amount incurred by ABR (HK) Limited, a subsidiary, for exclusive franchise rights of "Yogen Fruz" in Singapore for a period of 20 years from 28 September 2004 to 27 September 2024;

(iii) the amount incurred by the Company, for exclusive rights of "Brasserie Flo" and "Hippopotamus" in Singapore for a period of 12 years from 6 February 2007 to 5 February 2019;

(iv) the amount incurred by Europa Specialty Restaurants (S) Pte Ltd, a subsidiary, for licence costs of operating a "Hello Kitty" café for a period of 3 years from 4 January 2016 to 8 March 2019; and

(v) the amount incurred by KJ Coffees Singapore Pte Ltd, a subsidiary, for exclusive franchise rights of "Gloria Jean's Coffees" in Singapore for a period of 10 years from 30 June 2006 to 29 June 2016. This franchise right expired and has been fully amortised.

14 Investments in subsidiaries

	Company	
	2016	**2015**
	$'000	**$'000**
Investment in unquoted equity shares at cost	**22,940**	21,940
Less: Allowance for impairment in value	**(10,684)**	(14,514)
	12,256	7,426

Movements in allowance for impairment in value during the financial year are as follows:

	Company	
	2016	**2015**
	$'000	**$'000**
At beginning of financial year	**14,514**	14,129
Allowance made	**170**	385
Reversal of impairment loss	**(4,000)**	–
At end of financial year	**10,684**	14,514

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

14 Investments in subsidiaries (cont'd)

A reversal of impairment loss of $4,000,000 was recognised during the year ended 31 December 2016 to write back the carrying value of the investment in a subsidiary to its recoverable amount of $5,556,000. Due to indications that an impairment loss recognised in prior periods may no longer exist or may have decreased, the Company performed an assessment of the recoverable amount of the investment in subsidiary. The recoverable amount of the investment was determined based on value-in-use calculations using cash flow projections from forecasts approved by management covering a three-year period. The discount rate applied to the cash flow projection is 10%.

During the financial year, management performed an impairment test for the investment in another subsidiary as this subsidiary recorded losses in current and previous financial years. An impairment loss of $170,000 (2015: $385,000) was recognised for the year ended 31 December 2016 to write down this subsidiary to its recoverable amount of $5,384,000 (2015: $5,554,000).

(i) Details of the Company's subsidiaries at 31 December 2016 are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2016	Group's equity holding 2015
			%	%
Held by the Company				
(a) Lawry's (Singapore) Ltd	Investment holding and provision of processing, supply, warehousing and distribution activities	Singapore	**100**	100
(b) ABR (HK) Limited	Manage, obtain and exploit industrial and intellectual rights with respect to the ice cream, fast food and restaurant business	Hong Kong	**99.99**	99.99
(d) Swensen's of Singapore (1996) Pte Ltd	Dormant	Singapore	**100**	100
(a) Food Creations Pte Ltd	Provision of services for the manufacture and production of ice cream and related products	Singapore	**100**	100
(a) Europa Lounge and Restaurant Pte Ltd	Investment holding	Singapore	**100**	100

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For the Financial Year Ended 31 December 2016

14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2016 are as follows: (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2016	Group's equity holding 2015
			%	%
Held by the Company (cont'd)				
(d) Hippopotamus Restaurants Pte Ltd	Dormant	Singapore	**100**	100
(d) Orchard 501 Café Pub Pte Ltd	Dormant	Singapore	**100**	100
(d) Europa Entertainment Pte Ltd	Dormant	Singapore	**100**	100
(d) Pleasuredome Pte Ltd	Dormant	Singapore	**100**	100
(d) Europa Ridley's (1992) Pte Ltd	Dormant	Singapore	**100**	100
(d) Cine Art Pictures Pte Ltd	Dormant	Singapore	**55**	55
(b) Team-Up Investments (HK) Limited	Dormant	Hong Kong	**100**	100
(d) Bistro Europa Pte Ltd	Dormant	Singapore	**100**	100
(a) Europa Specialty Restaurants (S) Pte Ltd	Operation of café	Singapore	**100**	100
(d) ABR Property Investments Pte Ltd (formerly known as Kads Associates Advertising Pte Ltd)	Dormant	Singapore	**100**	100
(d) Team-Up Overseas Investment Pte Ltd	Dormant	Singapore	**70**	70
(d) Oishi Japanese Pizza Pte Ltd	Dormant	Singapore	**84.1**	84.1

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2016 are as follows: (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2016	Group's equity holding 2015
				%	%
	Held by the Company (cont'd)				
(d)	KJ Coffees Singapore Pte Ltd	Dormant	Singapore	**100**	100
(d)	E.Y.F. (S) Pte Ltd	Dormant	Singapore	**100**	100
(a)	Kitchen Alchemy Pte Ltd	Investment holding	Singapore	**51**	51
(a)	All Best Foods Pte Ltd	Manufacturing, retailing of food products and operator of café and snack bars	Singapore	**100**	100
(a)	ABR Land (S) Pte Ltd	Property development	Singapore	**100**	–
(c)	ABR Land Australia Pty Ltd	Property development	Australia	**100**	–
	Held by the subsidiaries				
	Held by ABR (HK) Limited				
(c)	E.D. Swensen's B.V.	Manage, obtain and exploit industrial and intellectual rights with respect to the ice cream business	The Netherlands	**100**	100
	Held by Europa Entertainment Pte Ltd				
(c)	Europa (Beijing) Food & Beverage Management Co., Ltd	Dormant	People's Republic of China	**100**	100

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For the Financial Year Ended 31 December 2016

14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2016 are as follows: (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2016	Group's equity holding 2015
			%	%
Held by the subsidiaries (cont'd)				
Held by Team-Up Investments (HK) Limited				
(c) Win Win Food (Shenzhen) Co., Ltd	Dormant	People's Republic of China	**100**	100
(e) Xuansheng Food & Beverage Management (Chengdu) Co., Ltd	Dormant	People's Republic of China	**–**	100
Held by Lawry's (Singapore) Ltd				
(d) Lawry's PRC Investment Pte Ltd	Dormant	Singapore	**100**	100
(b) Season Confectionary & Bakery Sdn. Bhd.	Manufacturing and retailing of bread, cakes and confectionery	Malaysia	**80**	80
(b) Season's Café Sdn. Bhd.	Operation of a chain of cafeteria	Malaysia	**80**	80
Held by Season Confectionary & Bakery Sdn. Bhd.				
(b) Season Confectionary & Bakery (KL) Sdn. Bhd.	Dormant	Malaysia	**51**	51
(b) Swensen's (Malaysia) Sdn. Bhd.	Ice cream manufacturing and franchising	Malaysia	**100**	100
(a) SSCB Pte Ltd	Commission agents	Singapore	**100**	100
Held by E.Y.F. (S) Pte Ltd				
(c) EY. Food (SH) Pte Ltd	Dormant	People's Republic of China	**100**	100
(c) EY. Food (BJ) Pte Ltd	Dormant	People's Republic of China	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2016 are as follows: (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2016	Group's equity holding 2015
			%	%
Held by the subsidiaries (cont'd)				
Held by Kitchen Alchemy Pte Ltd				
(d) TT Hara Food Pte Ltd	Dormant	Singapore	**25**	25
Held by All Best Foods Pte Ltd				
(d) TT Hara Food Pte Ltd	Dormant	Singapore	**75**	75

(a) Audited by Baker Tilly TFW LLP.
(b) Audited by overseas independent member firms of Baker Tilly International.
(c) Not required to be audited in the country of incorporation.
(d) Exempted from audit in 2016 as company is dormant during the financial year.
(e) The subsidiary has been de-registered during the year.

(ii) Incorporation of subsidiaries

During the financial year, the Company incorporated the wholly-owned companies, ABR Land (S) Pte Ltd and ABR Land Australia Pty Ltd for cash consideration of $1,000,000 and $104 (equivalent of 100 Australian Dollars) respectively.

(iii) The Group does not have any subsidiaries that have non-controlling interests which are considered by management to be material to the Group. Accordingly, summarised financial information of the subsidiaries are not disclosed.

15 Investments in associated companies

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Unquoted equity shares at cost	**217**	217	**97**	97
Less: Allowance for impairment loss	**–**	(6)	**(97)**	(97)
	217	211	**–**	–
Group's share of post-acquisition reserves	**(217)**	(211)	**–**	–
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

15 Investments in associated companies (cont'd)

Movements in allowance for impairment in value during the year are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of financial year	**6**	–	**97**	97
Allowance made during the year (note 7)	**–**	6	**–**	–
Reversal of allowance (note 7)	**(6)**	–	**–**	–
At end of financial year	**–**	6	**97**	97

The following information relates to associated companies:

Name of associated company	**Principal activities**	**Country of incorporation**	**Group's equity holding 2016**	**Group's equity holding 2015**
			%	**%**
Held by the Company				
Swensen's Ice Cream Company (Australia) Pty Ltd	Dormant	Australia	**50**	50
Chinoiserie Wine Bar and Discotheque Pte Ltd	Dormant	Singapore	**30**	30
Held by Europa Lounge and Restaurant Pte Ltd				
Food Glossary Pte Ltd	Dormant	Singapore	**30**	30
The Dempsey Group Pte Ltd	Dormant	Singapore	**33.3**	33.3

These associated companies are measured using the equity method of accounting.

Management does not consider any of the associated companies to be individually and in aggregate material to the Group. Accordingly, summarised financial information about the associated companies is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

16 Held-to-maturity financial assets

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted non-equity investments, at cost	**1**	1	**1**	1
Less: Allowance for impairment in value	**(1)**	(1)	**(1)**	(1)
	–	–	**–**	–

17 Available-for-sale financial assets

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted equity investments, at cost	**35**	35	**35**	35

The investments are carried at cost as the fair value of these unquoted equity investments cannot be measured reliably.

18 Due from subsidiaries

(i) Loans to subsidiaries, non-current

	Company	
	2016 $'000	2015 $'000
Loans to subsidiaries	**11,906**	14,656
Less: Allowance for doubtful receivables	**(5,667)**	(7,937)
	6,239	6,719

Movements in allowance for doubtful receivables during the financial year are as follows:

	Company	
	2016 $'000	2015 $'000
At beginning of financial year	**7,937**	7,984
Allowance made	**–**	50
Write-back of allowance	**–**	(97)
Receivables written off against allowance	**(2,270)**	–
At end of financial year	**5,667**	7,937

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For the Financial Year Ended 31 December 2016

18 Due from subsidiaries (cont'd)

(i) Loans to subsidiaries, non-current (cont'd)

The non-current loans to subsidiaries are interest-free and unsecured, except for an advance to a subsidiary of $110,000 (2015: $110,000) with an interest of 5% (2015: 5%) per annum. The advance is not expected to be repaid within the next twelve months.

The non-current loans to subsidiaries of $6,239,000 (2015: $6,719,000) are not expected to be repaid within the next twelve months. The loans are carried at cost as they have no fixed repayment terms and as such, it is not practicable to determine the fair values of the loans with sufficient reliability.

(ii) Due from subsidiaries, current

	Company	
	2016	**2015**
	$'000	**$'000**
Trade	**4,132**	4,483
Less: Allowance for doubtful receivables	**(4,066)**	(4,411)
note 21	**66**	72
Non-trade	**4,124**	4,093
Less: Allowance for doubtful receivables	**(3,166)**	(3,711)
note 21	**958**	382
	1,024	454

Movements in allowance for doubtful receivables during the financial year are as follows:

	Company	
	2016	**2015**
	$'000	**$'000**
Trade		
At beginning of financial year	**4,411**	4,411
Receivables written off against allowances	**(345)**	–
At end of financial year	**4,066**	4,411
Non-trade		
At beginning of financial year	**3,711**	3,519
Allowance made	**–**	192
Receivables written off against allowances	**(545)**	–
At end of financial year	**3,166**	3,711

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

18 Due from subsidiaries (cont'd)

(ii) Due from subsidiaries, current (cont'd)

Analysis of trade receivables due from subsidiaries at the end of the reporting period:

	Company	
	2016 $'000	2015 $'000
Not past due and not impaired	**42**	33
Past due and not impaired	**24**	39
	66	72

Trade receivables due from subsidiaries that are past due and not impaired:

	Company	
	2016 $'000	2015 $'000
Past due 0 – 30 days	**22**	26
Past due 31 – 60 days	**1**	9
Past due 61 – 90 days	**1**	4
	24	39

Trade receivables due from subsidiaries of approximately $4,066,000 (2015: $4,411,000) are past due and fully impaired.

19 Due from associated companies, current

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-trade	**212**	209	**199**	196
Less: Allowance for doubtful receivables	**(212)**	(209)	**(199)**	(196)
note 21	**–**	–	**–**	–

Movements in allowance for doubtful receivables during the financial year are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At beginning of financial year	**209**	193	**196**	193
Allowance made (note 7)	**3**	16	**3**	3
At end of financial year	**212**	209	**199**	196

The amounts due from associated companies are unsecured, interest-free and repayable on demand.

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For the Financial Year Ended 31 December 2016

20 Inventories

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Ice cream and ingredients	**767**	990	**734**	961
Confectionery and ingredients	**648**	531	**–**	–
Food and beverages	**661**	624	**488**	511
Merchandise	**329**	229	**200**	205
	2,405	2,374	**1,422**	1,677

21 Trade and other receivables

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables	**1,516**	1,077	**1,290**	807
Due from subsidiaries (note 18(ii))	**–**	–	**66**	72
	1,516	1,077	**1,356**	879
Rental and sundry deposits	**4,591**	4,506	**3,820**	3,924
Prepayments	**565**	955	**279**	478
Sundry receivables	**1,908**	1,923	**1,878**	1,876
Tax recoverable	**300**	287	**–**	–
	7,364	7,671	**5,977**	6,278
Less: Allowance for doubtful sundry receivables	**(1,773)**	(1,773)	**(1,768)**	(1,768)
	5,591	5,898	**4,209**	4,510
Due from subsidiaries (note 18 (ii))	**–**	–	**958**	382
Due from associated companies (note 19)	**–**	–	**–**	–
	5,591	5,898	**5,167**	4,892
Total	**7,107**	6,975	**6,523**	5,771

At the end of the reporting period, 36% (2015: 33%) and 42% (2015: 41%) of the Group's and Company's trade receivables were due from 5 major debtors. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and Company's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

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21 Trade and other receivables (cont'd)

(i) Analysis of trade receivables at the end of the reporting period:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Not past due and not impaired	**1,340**	744	**1,174**	576
Past due and not impaired	**176**	333	**116**	231
	1,516	1,077	**1,290**	807

(ii) Trade receivables that are past due and not impaired:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Past due 0 – 30 days	**135**	201	**96**	152
Past due 31 – 60 days	**21**	60	**20**	55
Past due 61 – 90 days	**–**	24	**–**	9
Past due more than 90 days	**20**	48	**–**	15
	176	333	**116**	231

(iii) Movements in allowance for doubtful sundry receivables during the financial year are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At beginning of financial year	**1,773**	1,815	**1,768**	1,768
Translation	**–**	(42)	**–**	–
At end of financial year	**1,773**	1,773	**1,768**	1,768

Sundry receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

22 Fixed deposits and cash and bank balances

The fixed deposits of the Group and Company are placed with banks and mature on varying dates within 12 months (2015: 12 months) from the end of the reporting period. The interest rates of these deposits at the end of the reporting period range from 0.35% to 3.7% (2015: 0.98% to 3.7%) per annum.

Included in the Group's fixed deposits and cash and bank balances are amounts of $113,000 (2015: $112,000), pledged to banks for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

23 Share capital

Share capital, issued and fully paid ordinary shares

	Group and Company			
	2016	**2015**	**2016**	**2015**
	Number of shares		**$'000**	**$'000**
At beginning and end of financial year	**200,995,734**	200,995,734	**43,299**	43,299

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

24 Other reserves

	Group	
	2016	**2015**
	$'000	**$'000**
Foreign currency translation reserve	**(358)**	(612)
Capital reserve	**276**	276
	(82)	(336)

Movements in other reserves are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Foreign currency translation reserve		
At beginning of financial year	**(612)**	(593)
Net exchange differences on translation of financial statements of foreign subsidiaries	**254**	(19)
At end of financial year	**(358)**	(612)
Capital reserve		
At beginning and end of financial year	**276**	276

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

25 Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of financial year	**1,333**	1,299	**540**	520
Tax charge/(credit) to				
– Profit or loss (note 9)	**29**	84	**(30)**	20
– Translation difference	**(9)**	(50)	**–**	–
At end of financial year	**1,353**	1,333	**510**	540

Representing:

Deferred tax liability/(asset) arising from:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	**1,439**	1,401	**650**	665
Provisions	**(142)**	(126)	**(140)**	(125)
Unabsorbed capital allowance	**(2)**	–	**–**	–
Others	**58**	58	**–**	–
	1,353	1,333	**510**	540

At the end of the reporting period, the Group has undistributed earnings amount of $9,460,000 (2015: $8,100,000) of a subsidiary for which deferred tax liabilities have not been recognised. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

26 Trade and other payables

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables	**4,819**	4,700	**3,085**	3,102
Due to subsidiaries, trade	**–**	–	**713**	718
	4,819	4,700	**3,798**	3,820
Other payables	**2,473**	2,111	**1,310**	1,002
Accrued operating expenses	**4,480**	4,398	**3,349**	3,498
Deferred income	**306**	253	**305**	237
Due to subsidiaries, non-trade	**–**	–	**513**	490
Payable for acquisition of trademark, and related knowhow and goodwill	**256**	256	**–**	–
	7,515	7,018	**5,477**	5,227
Total	**12,334**	11,718	**9,275**	9,047

The non-trade amounts due to subsidiaries are interest-free, unsecured and are repayable on demand.

27 Provisions

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Provision for restoration costs	**1,131**	962	**997**	864
Provision for unutilised annual leave	**813**	685	**705**	615
	1,944	1,647	**1,702**	1,479

Movements in provision for restoration costs during the financial year are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At beginning of financial year	**962**	1,032	**864**	930
Provision during the financial year	**255**	35	**216**	28
Utilised during the financial year	**(62)**	(94)	**(60)**	(94)
Unused amounts reversed during the financial year	**(24)**	(11)	**(23)**	–
At end of financial year	**1,131**	962	**997**	864

The provision for restoration costs represents the present value of management's best estimate of the future outflow of economic benefits that will be required to remove leasehold improvements from leased properties. The estimate has been made on the basis of quotes obtained from external contractors. The unexpired term of the leases ranges from less than 1 year to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

27 Provisions (cont'd)

Movements in provision for unutilised annual leave during the financial year are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
At beginning of financial year	**685**	623	**615**	552
Provision during the financial year	**129**	66	**90**	63
Translation	**(1)**	(4)	**–**	–
At end of financial year	**813**	685	**705**	615

28 Borrowings

	Group	
	2016	2015
	$'000	$'000
Current		
Secured		
Banker's acceptance	**176**	–

The banker's acceptance of $176,000 (2015: nil) of a subsidiary is secured by way of fixed charges over the subsidiary's properties with net carrying value of $1,349,000 (2015: $1,412,000), pledge on the subsidiary's fixed deposits, and corporate guarantees from a wholly-owned subsidiary of the Company together with the Company.

The banker's acceptance bears interest at 4.1% per annum at the end of the reporting period.

The carrying amount of the borrowings approximates its fair value.

29 Dividends

The directors have proposed a final tax exempt dividend for 2016 of 1.5 cents per share of approximately $3,015,000. These financial statements do not reflect these dividends payable, which if approved at the Annual General Meeting of the Company, will be accounted for in the shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

30 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

(i) the Company has provided corporate guarantee of RM6 million (approximately $1.9 million) (2015: RM6 million (approximately $2.0 million)), executed together with a wholly-owned subsidiary to a bank for banking facilities taken by a subsidiary of RM844,000, approximately $272,000 (2015: RM262,000, approximately $86,000) at the end of the reporting period; and

(ii) the Company has provided corporate guarantee (2015: proportionate guarantee) of $2 million (2015: $1 million) to a bank for banker's guarantee facility taken by a subsidiary of $295,000 (2015: $135,000 – proportionate) at the end of the reporting period.

Management has determined that the fair value of the above financial guarantees provided by the Company is not material to the financial statements of the Company and is therefore not recognised in the Company's financial statements. No material losses under the guarantees are expected as management is of the opinion that the requirements to reimburse are remote.

31 Commitments for expenditure

(a) Lease commitments

The Group and Company lease warehouses and sales outlets under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Certain leases also provide for contingent rentals based on certain percentages of sales. Commitments in relation to non-cancellable operating leases contracted for but not recognised as liabilities, are payable as follows:

	Group		Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Not later than one financial year	**16,480**	14,410	**15,117**	12,439
Later than one financial year but not later than five financial years	**24,106**	17,203	**22,887**	14,611
More than five financial years	**359**	567	**–**	–
	40,945	32,180	**38,004**	27,050

Lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or further leasing.

(b) Capital commitments

Capital commitments not provided for in the financial statements:

	Group		Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Capital commitments in respect of property, plant and equipment	**732**	361	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32 Financial instruments

(a) Categories of financial instruments

Financial instruments at the end of the reporting period are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	**88,019**	87,955	**74,648**	77,193
Held-to-maturity financial assets	**–**	–	**–**	–
Available-for-sale financial assets	**35**	35	**35**	35
Financial liabilities at amortised cost	**12,204**	11,363	**8,970**	8,708

(b) Financial risks and management

The Group's overall risk management framework is set by the Board of Directors of the Company which sets out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management approach seeks to minimise potential adverse effects on the financial performance of the Group.

There has been no change to the Group's exposure to these financial risks or the way in which it manages and measures financial risk. Market risk, credit risk and liquidity risk exposures are measured using sensitivity analysis indicated below.

Market risk

Foreign exchange risk

The Group's foreign currency exposure arises mainly from holding cash and short-term deposits denominated in foreign currencies for working capital purposes and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. At the end of the reporting period, such foreign currency balances are mainly in United States Dollars ("USD") and Australian Dollars ("AUD").

It is not the Group's policy to take speculative positions in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32 Financial instruments (cont'd)

(b) Financial risks and management (cont'd)

Market risk (cont'd)

Foreign exchange risk (cont'd)

The Group's foreign currency exposure is as follows:

	USD $'000	Denominated in AUD $'000	Total $'000
2016			
Financial assets			
Cash and cash equivalents	**8,819**	**2,215**	**11,034**
Financial liabilities			
Trade payables	**399**	**–**	**399**
Currency exposure – net financial assets	**8,420**	**2,215**	**10,635**
2015			
Financial assets			
Cash and cash equivalents	7,775	52	7,827
Financial liabilities			
Trade payables	390	–	390
Currency exposure – net financial assets	7,385	52	7,437

The Company does not have significant foreign exchange risk exposure.

Sensitivity analysis for foreign exchange risk is not disclosed as the effect on the profit or loss is considered not significant if USD and AUD changes against the SGD by 5% (2015: 5%) with all other variables including tax rate being held constant.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's debt obligations and fixed deposits placed with financial institutions. The Group maintains its borrowings in either variable or fixed rate instruments depending on which terms are more favourable to the Group. The Group manages its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

An increase in interest rates by 50 basis points for fixed deposits and borrowings is not expected to have a significant impact on the Group's profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32 Financial instruments (cont'd)

(b) Financial risks and management (cont'd)

Credit risk

The Group's principal financial assets are cash and bank balances, trade and other receivables and investments.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

At the end of the reporting period, 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 statements of financial position; and
– corporate guarantees provided by the Company as set out in note 30.

See notes 18 and 21 for credit risk concentration and trade receivables aging analysis and information on the Group's and Company's trade receivables.

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 the 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.

In managing its liquidity, management monitors and reviews the Group's and Company's forecasts of liquidity reserves (comprise cash and cash equivalents and available credit facilities) based on expected cash flows of the respective operating companies of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32 Financial instruments (cont'd)

(b) Financial risks and management (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2016 $'000			2015 $'000		
	Within 1 year	**Within 2 to 5 years**	**Total**	**Within 1 year**	**Within 2 to 5 years**	**Total**
Group						
Trade and other payables	**12,027**	**–**	**12,027**	11,363	–	11,363
Borrowings	**177**	**–**	**177**	–	–	–
Company						
Trade and other payables	**8,970**	**–**	**8,970**	8,708	–	8,708
Financial guarantee contracts	**567**	**–**	**567**	221	–	221

33 Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Company do not have any Level 1, Level 2 and Level 3 measured financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

33 Fair value of assets and liabilities (cont'd)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

These are loans and receivables, held-to-maturity financial assets, trade and other payables and current borrowings. The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The loans to subsidiaries disclosed in note 18(i) do not have fixed repayment terms and as such, it is not practicable to determine the fair value of the loans with sufficient reliability. The available-for-sale financial assets as disclosed in note 17 are carried at cost as the fair value cannot be measured reliably.

(d) Assets not carried at fair value but for which fair value is disclosed

The fair values of the investment properties for disclosure purposes are categorised within Level 3 of the fair value hierarchy.

The fair values of the Group's investment properties were determined based on desk-top valuations performed by independent professional valuers using comparison method.

Based on the comparison method, comparison was made to recent sales transactions of comparable properties within the vicinity and elsewhere. Necessary adjustments have been made for differences in location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and the prevailing market conditions amongst other factors affecting its value. Any significant changes to the adjustments made to market value for differences in location or condition would result in higher or lower fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

34 Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are restaurants and confectionery and others. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information provided to management for the reportable segments are as follows:

	Restaurants and confectionery $'000	Others $'000	Eliminations $'000	Group $'000
2016				
Revenue from external customers	103,850	75	–	**103,925**
Inter-segment revenue	–	2,404	(2,404)	**–**
Total revenue	103,850	2,479	(2,404)	**103,925**
Segment results	8,165	(1,420)	–	**6,745**
Finance costs	(6)	–	–	**(6)**
Share of results of equity-accounted investee	(6)	–	–	**(6)**
Profit before tax				**6,733**
Income tax expense				**(1,122)**
Profit after tax				**5,611**
Non-controlling interests				**(201)**
Net profit attributable to owners of the Company				**5,410**
Assets				
Segment assets	103,800	21,450	(8,185)	**117,065**
Total assets				**117,065**
Liabilities				
Segment liabilities	17,816	10,675	(14,037)	**14,454**
Unallocated tax liabilities				**2,576**
Total liabilities				**17,030**
Capital expenditure	5,910	–	–	**5,910**
Depreciation and amortisation	3,016	368	–	**3,384**
Reversal of impairment loss	(6)	–	–	**(6)**
Other non-cash expenses	601	–	–	**601**

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

34 Segment information (cont'd)

	Restaurants and confectionery $'000	Others $'000	Eliminations $'000	Group $'000
2015				
Revenue from external customers	100,352	59	–	100,411
Inter-segment revenue	–	2,485	(2,485)	–
Total revenue	100,352	2,544	(2,485)	100,411
Segment results	9,816	(829)	–	8,987
Finance costs	(5)	–	–	(5)
Share of results of equity-accounted investee	(51)	–	–	(51)
Profit before tax				8,931
Income tax expense				(1,350)
Profit after tax				7,581
Non-controlling interests				56
Net profit attributable to owners of the Company				7,637
Assets				
Segment assets	104,054	20,156	(8,960)	115,250
Total assets				115,250
Liabilities				
Segment liabilities	16,642	11,344	(14,621)	13,365
Unallocated tax liabilities				2,663
Total liabilities				16,028
Capital expenditure	3,179	–	–	3,179
Depreciation and amortisation	2,801	368	–	3,169
Impairment loss	6	68	–	74
Reversal of impairment loss for investment property	–	(275)	–	(275)
Other non-cash expenses	828	–	–	828

Note: Inter-segment revenues are eliminated on consolidation.

Inter-segment assets and liabilities are eliminated to arrive at the total assets and liabilities reported in the consolidated statement of financial position.

Others segment included unallocated Group-level corporate services cost, income from investment holding and franchising.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

34 Segment information (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured in a manner that is consistent with the net profit or loss before tax in the consolidated statement of profit or loss and other comprehensive income. Sales between operating segments are on terms agreed by Group entities concerned.

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred income tax liabilities and current tax payable which are classified as unallocated liabilities.

Geographical information

Revenue and non-current assets information based on the entity's country of domicile are as follows:

	Sales to external customers		Non-current assets	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**89,611**	87,213	**20,828**	19,384
Malaysia	**14,239**	13,139	**4,846**	4,165
Rest of Asia	**75**	59	**67**	95
	103,925	100,411	**25,741**	23,644

Information about major customer

The Group did not have any single customer contributing 10% or more to its revenue for the financial years ended 31 December 2016 and 31 December 2015.

35 Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors of the Group review the capital structure on a periodic basis. As part of the review, the directors consider the cost of capital and other sources of funds, including borrowings from banks and third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

35 Capital management (cont'd)

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

The capital structure of the Group consists of equity attributable to owners of the Company comprising share capital, other reserves and accumulated profits. The Group's overall strategy remains unchanged from 2015.

	Group	
	2016	**2015**
	$'000	**$'000**
Borrowings (note 28)	**(176)**	–
Less: Cash and cash equivalents	**81,664**	82,110
Net cash	**81,488**	82,110
Equity attributable to owners of the Company	**99,544**	98,905
Total capital	**99,544**	98,905

The Group is currently in a net cash position. The Group will continue to be guided by prudent financial policies of which gearing is monitored.

36 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 28 March 2017.

RISK MANAGEMENT

The Group's overall risk management framework is set by the Board of Directors of the Company which sets out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management approach seeks to minimise potential adverse effects on the financial performance of the Group.

The Group, with the assistance of the internal auditors, initiated an enterprise risk assessment study to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

With the results of the enterprise risk assessment study, management considered and instituted controls to mitigate any significant risk exposure to the Group. The effectiveness of the controls is assessed regularly through the Group's ongoing programme of internal audit.

Operational Risk Management

The Group's restaurants and confectionery businesses are subject to operating risks such as shortage of labour, availability of suitable locations, increase in operating costs such as food cost, rental, labour and utility costs, the recurring need for renovation and upgrading of outlets, changing government regulations and the adverse effects of economic and market conditions.

It is recognised that these risks are inherent in all businesses. The Group's strategy of operational risk management is to balance cost and risk so as to mitigate the overall risk exposure; and stay focused in risk and incident management.

Competition Risk Management

The Group's businesses operate under a highly competitive environment. Demand for the Group's products and services is susceptible to changes in consumer preferences as well as fluctuating economic conditions.

The Group recognises that it has to not only be consistent in standards, but continually improve its products and services and develop its brand presence in a structured and sustainable manner. A comprehensive marketing and promotion programme has to be put in place to support these initiatives.

Financial Risk Management

The Group's activities expose it to a variety of financial risks, namely foreign exchange, interest rate, credit and liquidity risks.

(i) Foreign exchange risk

The Group's foreign currency exposure arises mainly from holding cash and short-term deposits denominated in foreign currencies for working capital purposes and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The main currencies that give rise to this risk at the end of the reporting period are primarily United States Dollars (USD) and Australian Dollars (AUD).

It is not the Group's policy to take speculative positions in foreign currencies.

RISK MANAGEMENT

Financial Risk Management (cont'd)

(ii) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's debt obligations and fixed deposits placed with financial institutions. The Group maintains its borrowings in either variable or fixed rate instruments depending on which terms are more favourable to the Group.

The Group manages its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

(iii) Credit risk

The Group's principal financial assets are cash and bank balances, trade and other receivables and investments.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In managing its liquidity, management monitors and reviews the Group's forecasts of liquidity reserves (comprise cash and cash equivalents, and available credit facilities) based on expected cash flows of the respective operating companies of the Group.

Investment Risk Management

The Group has in place processes and procedures to consider and approve all capital investment proposals. All capital investment proposals are subject to thorough review to ensure that they meet the internal investment criteria and all the relevant risk factors are considered before submitting to the Board for approval.

Compliance & Legal Risk Management

The Group's operations are subject to regulations and possible changes in regulations could affect the Group's operations. The Group has in place processes to ensure compliance with applicable laws and regulations.

LIST OF PROPERTIES

As at 31 December 2016

Description	Location	Floor Area (Sqm)	Tenure of Lease (Use)
Singapore			
A shop unit located on the first storey of a shopping-cum-residential development known as City Plaza	810 Geylang Road #01-103 City Plaza Singapore 409286	25	Freehold (Rental)
A shop unit located on the second storey of Far East Plaza	14 Scotts Road #02-22 Far East Plaza Singapore 228213	39	Freehold (Rental)
A shop unit located on the third storey of Thomson Plaza	301 Upper Thomson Road #03-23 & 23A Thomson Plaza Singapore 574408	349	Leasehold 99 years less one day from 15 October 1976 (Food and Beverage outlet)
A HDB shop unit with living quarters located within Block 5 Changi Village Road	Block 5 Changi Village Road #01-2001 Singapore 500005	358	85 years from 1 July 1994 (Rental)
A 4-storey factory building with a basement carpark	41 Tampines Street 92 Singapore 528881	9,780	30 years from 1 July 1993, with a further term of 30 years (Factory, warehouse and office)
Malaysia			
A double storey factory building	No. 1 Jalan Dewani Satu Off Jalan Tampoi Kawasan Perindustrian Temenggong 81100 Johor Bahru	3,420	Freehold (Factory)
A 3-storey terrace shop	No. 82 Jalan Serampang Taman Pelangi 86400 Johor Bahru	178	Freehold (Food and Beverage outlet)
Indonesia			
An apartment unit in Ascott Towers Indonesia	Unit 06-23 Jalan Kebon Kacang Raya No. 2 Jakarta 10230	159	20 years and is renewable for a further term of 20 years (Rental)

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2017

Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Share
No. of Issued Shares	:	200,995,734 Ordinary Shares
Treasury Shares	:	NIL

Distribution of Shareholdings as at 16 March 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	6	0.55	283	0.00
100 – 1,000	151	13.80	140,237	0.07
1,001 – 10,000	697	63.71	3,564,301	1.77
10,001 – 1,000,000	230	21.02	14,032,254	6.98
1,000,001 and above	10	0.92	183,258,659	91.18
Total	**1,094**	**100.00**	**200,995,734**	**100.00**

Substantial Shareholders as at 16 March 2017

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Ang Yee Lim	96,004,901[1]	47.76	–	–
Kechapi Pte Ltd	56,925,858[2]	28.32	–	–
Alby (Private) Limited	–	–	56,925,858[3]	28.32
Chua Tiang Choon, Keith	300,000	0.15	56,925,858[3]	28.32
Allan Chua Tiang Kwang	300,000	0.15	56,925,858[3]	28.32
Chua Tiang Chuan	–	–	56,925,858[3]	28.32
Kestrel Capital Pte Ltd	13,403,000[4]	6.67	–	–
Lim Eng Hock	–	–	15,961,800[5]	7.94

Notes:

(1) 34,000,000 ordinary shares are held through nominees

(2) 20,000,000 ordinary shares are held through nominees

(3) Deemed to have interest in 56,925,858 ordinary shares held by Kechapi Pte Ltd

(4) 13,403,000 ordinary shares are held through nominees

(5) Deemed to have interest in 13,403,000 ordinary shares held by Kestrel Capital Pte Ltd and 2,558,800 ordinary shares held by nominees.

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2017

Twenty-Three Largest Shareholders as at 16 March 2017

No.	Name	No. of Shares	%
1	Ang Yee Lim	62,004,901	30.85
2	Kechapi Pte Ltd	36,925,858	18.37
3	Raffles Nominees (Pte) Ltd	33,018,800	16.43
4	UOB Kay Hian Pte Ltd	21,486,400	10.69
5	Hong Leong Finance Nominees Pte Ltd	20,000,000	9.95
6	RHB Securities Singapore Pte Ltd	2,610,300	1.30
7	Yap Boh Sim	2,310,000	1.15
8	Ang Lian Seng	2,300,000	1.14
9	Yit Teng Yuet	1,435,000	0.71
10	DBS Nominees Pte Ltd	1,167,400	0.58
11	Oh Cher Kiat	800,000	0.40
12	HSBC (Singapore) Nominees Pte Ltd	787,000	0.39
13	Ong Kheng Ho	495,000	0.25
14	So Tai Lai	470,000	0.23
15	United Overseas Bank Nominees Private Limited	466,000	0.23
16	Chua Chor Heah	400,000	0.20
17	Ong Kok Foo	350,000	0.17
18	Ronald Lim Cheng Aun	305,000	0.15
19	Allan Chua Tiang Kwang	300,000	0.15
20	Chua Tiang Choon, Keith	300,000	0.15
21	Citibank Nominees Singapore Pte Ltd	300,000	0.15
22	Leck Kim Seng	300,000	0.15
23	Quek Mong Hua	300,000	0.15
	Total:	**188,831,659**	**93.94**

Based on Shareholders' Information as at 16 March 2017, approximately 14.06% of the total number of issued shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 38th Annual General Meeting of the Company will be held at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881 on Monday, 24 April 2017 at 10:00 a.m., to transact the following businesses:

AS ORDINARY BUSINESSES:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 together with the Independent Auditor's Report thereon. ***Resolution 1***

2. To approve the payment of a tax exempt (1-tier) Final Dividend of 1.50 Singapore cents per ordinary share for the financial year ended 31 December 2016. ***Resolution 2***

3. To approve the payment of the Directors' fees of $205,000 for the financial year ended 31 December 2016 (2015: $205,000). ***Resolution 3***

4. To re-elect Mr Chua Tiang Choon, Keith, the director retiring by rotation pursuant to Article 98 of the Company's Constitution. ***Resolution 4***

   [See Explanatory Note (i)]

5. To re-elect Mr Leck Kim Seng, the director retiring by rotation pursuant to Article 98 of the Company's Constitution. ***Resolution 5***

   [See Explanatory Note (ii)]

6. To re-appoint Messrs Baker Tilly TFW LLP as Auditor of the Company and to authorise the Directors to fix the Auditor's remuneration. ***Resolution 6***

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following ordinary resolution with or without modifications:

7. **Authority to allot and issue shares** ***Resolution 7***

   "THAT pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given for the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

NOTICE OF ANNUAL GENERAL MEETING

and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuant to any Instrument made or granted by the Directors while the authority was in force, provided always that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares excluding treasury shares, and for the purpose of this Resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities, or

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, and

(iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iii)]

8. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that subject to approval being obtained at the 38th Annual General Meeting to be held at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881 on Monday, 24 April 2017 at 10:00 a.m.:

1. A tax exempt (1-tier) Final Dividend of 1.50 Singapore cents per ordinary share for the financial year ended 31 December 2016 will be paid on 26 May 2017.

2. The Share Transfer Books and Register of Members of the Company will be closed on 11 May 2017 for the purpose of determining the shareholders' entitlements to the proposed dividend. Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, up to 5.00 p.m. on 10 May 2017 will be registered to determine shareholders' entitlements to the proposed dividend. Shareholders (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 10 May 2017 will be entitled to the payment of the proposed dividend.

FOR AND ON BEHALF OF THE BOARD

Chua Tiang Choon, Keith
Executive Chairman

7 April 2017

Explanatory Notes:

(i) Key information on Mr Chua Tiang Choon, Keith can be found on page 16 of the Annual Report 2016. Mr Keith Chua will, upon re-election as Director of the Company, remain as Executive Chairman and a member of the Nominating Committee.

(ii) Key information on Mr Leck Kim Seng can be found on page 17 of the Annual Report 2016. Mr Leck will, upon re-election as Director of the Company, remain as Executive Director.

(iii) Ordinary Resolution No. 7 is to empower the Directors, from the date of the passing of Ordinary Resolution No. 7 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares) for issues other than on a pro-rata basis to shareholders.

Notes:

(a) *A member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.*

(b) *Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.*

NOTICE OF ANNUAL GENERAL MEETING

(c) *Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is 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).*

****Relevant Intermediary** is:*

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

(d) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.

(e) The instrument appointing a proxy or proxies must be 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 under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

(f) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

(g) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 41 Tampines Street 92, ABR Building, Singapore 528881, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 or service providers) for the purpose of the processing, administration and analysis of the Company (or its agents or service providers) of proxies and/or representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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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ABR HOLDINGS LIMITED

(Company Registration No.: 197803023H)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy ABR Holdings Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote. (Please see Note 4 for the definition of Relevant Intermediary)

I/We ______________________________ (Name) NRIC/Passport no. ____________________

of ____

being *a member/members of ABR Holdings Limited (the "Company"), hereby appoint

Name	**NRIC/Passport No.**	**Proportion of Shareholdings to be represented by proxy**	
		No. of Shares	**%**
Address:			

*and/or

Name	**NRIC/Passport No.**	**Proportion of Shareholdings to be represented by proxy**	
		No. of Shares	**%**
Address:			

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the 38th Annual General Meeting of the Company to be held at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881 on Monday, 24 April 2017 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	**Ordinary Resolutions**	**For#**	**Against#**
1.	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 together with the Independent Auditor's Report thereon.		
2.	Approval of payment of a tax exempt (1-tier) Final Dividend of 1.50 Singapore cents per ordinary share for the financial year ended 31 December 2016.		
3.	Approval of payment of Directors' fees of $205,000 for the financial year ended 31 December 2016.		
4.	Re-election of Mr Chua Tiang Choon, Keith as Director.		
5.	Re-election of Mr Leck Kim Seng as Director.		
6.	Re-appointment of Messrs Baker Tilly TFW LLP as Auditor.		
7.	Authority to allot and issue shares.		

* *Delete accordingly*

\# *If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.*

Dated this __________ day of ________________________ 2017

Total number of shares in	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT. Please read notes overleaf.

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, Cap. 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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 shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.*
3. *Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.*
4. *A member who is 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/her (which number and class of shares shall be specified).*

   *****Relevant Intermediary*** *is:*

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or

   (b) a person holding a capital markets services license to provide a custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
5. *A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.*
6. *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 under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.*
7. *Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.*
8. *The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 41 Tampines Street 92, ABR Building, Singapore 528881, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.*
9. *An investor who buys shares using CPF monies ("****CPF Investor****") and/or SRS monies ("****SRS Investor****") (as may be applicable) may attend and cast his/her 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.*

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 members whose shares are deposited with The Central Depository (Pte) Limited, 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/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General 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 7 April 2017.

AFFIX
STAMP

The Company Secretary
ABR HOLDINGS LIMITED
41 Tampines Street 92
ABR Building
Singapore 528881

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ABR Building Singapore 528881
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