ABR Holdings Limited
Annual Report 2017

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 few decades, 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

Chua Tiang Choon, Keith
Executive Chairman

Ang Yee Lim
Managing Director

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of ABR Holdings Limited ("ABR" or the "Group"), we take great pleasure in presenting you the Annual Report and Financial Statements for the financial year ended 31 December 2017 ("FY2017"). FY2017 has been an eventful and fruitful year, marked with significant milestones of new brand and product launches, as well as acquisitions that will go down in the annals of the Group.

Acquisitions in FY2017

In FY2017, the Group acquired an 80% majority stake in Chilli Padi Holding Pte. Ltd. (together with its subsidiaries, "Chilli Padi Group"). Chilli Padi Group specialises in Peranakan fare, specialty cuisine of the Straits-born Chinese originating from the Straits of Malacca. It operates restaurants and cafeterias, and provides Halal and non-Halal catering services, as well as confinement food catering.

This acquisition enables the Group to expand into the food catering business, broaden the spectrum of its existing food and beverage selections to include Peranakan food, and bring in an established brand into the Group's portfolio. The Group will also have the opportunity to tap into Chilli Padi Group's customer base and expand its demography of customers. The business of Chilli Padi Group is profitable and the Board believes that this acquisition will create new business opportunities and provide the Company with additional and recurrent revenue streams, so as to enhance shareholders' value in the Company.

It is also our pleasure to report that in FY2017, we made headway in our property business with investments into two property-related businesses in Malaysia.

The Group acquired an indirect 19% shareholding in Sering Manis Sdn. Bhd., which owns a parcel of freehold land in Pahang, Malaysia with a land area of approximately 1,132,580 square metres.

The Group also acquired a 49% shareholding in ABR CCH Land Sdn. Bhd. ("ABR CCH Land"), whose principal activity is property investment and property development. ABR CCH Land holds leasehold interests in two adjacent plots of land in Kuala Lumpur, Malaysia with an aggregate land area of approximately 2,713 square metres.

While these investments mark our inaugural foray into property development, they did not have any material impact on the earnings per share and net tangible assets of the Group for FY2017.

Review of Performance

Group revenue for FY2017 rose to approximately $118.0 million, an increase of about 13.5% as compared to $103.9 million for the same period in the preceding year, FY2016.

Other than the incremental revenue contribution from the newly acquired business, both existing operations in Singapore and Malaysia also recorded higher revenue mainly attributed to revenue from additional outlets.

Consequently, Group profit before tax registered at $7.7 million for FY2017, an increase of 14.4% when compared to $6.7 million in FY2016. The increase was mainly attributed to the new business.

MESSAGE FROM THE EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

The Group recorded a profit after tax of approximately $6.8 million for FY2017, an increase of 20.3% compared to $5.6 million for FY2016. After deducting the share of profit attributable to non-controlling interests, the Group recorded a profit attributable to owners of the Company of $6.2 million, 15.1% higher than $5.4 million for FY2016.

Dividend

In view of the Group's performance in FY2017, the Board is proposing a final tax exempt (1-tier) cash dividend of 1.50 Singapore cents per share for FY2017 to be approved by shareholders at the upcoming Annual General Meeting.

Taking into consideration the interim dividend of 1.00 Singapore cent per share, the total dividend payout for the year amounts to 2.50 Singapore cents per share.

Giving & Growing

Alongside the continuous growth of the Group's business and our relentless pursuit of greater value, we are keenly aware of the underprivileged who have difficulty keeping up socially and economically. As a progressive organisation, we are committed to extending a helping hand to enrich the lives and improve the well-being of these underprivileged who are an integral part of the communities within which we operate.

ABR is a founding member of the Company of Good, which was established in June 2017 with a vision to drive corporate giving in Singapore and make "goodness the business of every organisation". It aims to help convert corporate non-givers into givers and encourage companies that already contribute to further become multipliers and leaders of good deeds.

In the spirit of corporate giving, ABR combined business strategy with charitable deeds by organising the "Eat, Win, Love" campaign which ran from April 2017 to September 2017 at Swensen's and Earle Swensen's outlets in Singapore. In total, ABR gave out a total of $300,000, of which $150,000 in cash prizes were given out in a lucky draw to six winners, who in turn selected six charities to receive another $150,000 in cash donated by the Company.

In recognition of our exemplary giving, we are proud to report that the Company was conferred the Champion of Good award in November 2017.

New Flavours, New Beginnings

In the year under review, the Group launched two homegrown in-house brands. Sticky Wings opened its doors at Westgate shopping mall in September 2017 and serves up Asian-inspired chicken recipes, while our new Say What?! Salted Egg Potato Chips retails at Tip Top outlets.

Prospects

The F&B industry is expected to remain challenging due to intense competition, tight labour supply and pressure on increased operating costs. To counter these challenges, the Group will continue to focus on honing our competitive strengths and improving cost efficiency, in particular on the procurement of raw materials and manpower utilisation.

For the property business, in addition to the two new investments in Malaysia, the Group will continue to explore viable investment opportunities in Singapore and the region.

Acknowledgements

To our fellow Directors, we would like to express our heartfelt gratitude for your invaluable guidance and insights that have steered the Group through challenges and created sustainable value for our stakeholders through the years. To our customers, partners and shareholders, we would like to thank you for your unstinting support and steadfast belief in our Group's business. Last but not least, to our employees, we would like to thank you for your hard work and commitment towards the Group's success.

Chua Tiang Choon, Keith
Executive Chairman

Ang Yee Lim
Managing Director

OPERATIONS REVIEW
SINGAPORE

SWENSEN'S AND EARLE SWENSEN'S

Established in 1979, Swensen's has grown to become synonymous with generations of sweet memories and good times spent with friends and loved ones. A household name offering affordable family dining and a delightful range of ice cream desserts, Swensen's has evolved to keep pace alongside the growth of Singapore. Since the opening of our first 200-seater restaurant at Thomson Plaza, more than 180 flavours of Swensen's ice cream have been created and Swensen's has expanded to over 20 full-service restaurants serving an all-day menu of food and ice cream sundaes.

Earle Swensen's opened its doors in 2006 to its flagship restaurant at the popular VivoCity mall. It offers a fresh and innovative dining concept where diners can choose from a wide variety of fresh compound salads, mixed greens and garnishing, as well as fresh fruits and homemade dressings. Besides healthier meal options and quality ingredients, the menu incorporates signature gelato flavours and sundaes with an extensive range of specialty grilled entrees. Earle Swensen's expanded its operations with the opening of its newest outlet at Westgate mall, strategically located at the heart of Jurong Gateway.

With constant refinements and updates to our operations, restaurants and menu offerings, Swensen's has continued to stay relevant to all segments of the Singapore population. Like the Tiffany lamps that continue to be a stalwart feature of the brand, Swensen's and Earle Swensen's restaurants continue to uphold and inspire our heritage in bringing people together for hearty meals and shared memories.

Year in Review

Our operating environment in 2017 continued to be a challenging one characterised by cost pressures resulting from increasing rental and rising wages. Despite these challenges, Swensen's continued to generate stable revenue and maintain profitability. Concurrently, a plethora of initiatives is still in progress with the objective of yielding performance improvements amidst a competitive and challenging operating environment.

During the year, the Group maintained its focus on improving key areas of its operations, namely: developing productivity initiatives, enhancing the dining experience, developing human capital, and strategically extending its reach.

OPERATIONS REVIEW
SINGAPORE

Developing Productivity Initiatives
In the year under review, productivity continued to be a key priority, and while the refinements and improvements made to the operations workflow processes on the service floor at all our restaurants continue to result in higher productivity output, faster turns and increased sales, their effectiveness and mileage are now moderated. In order to further engage our customers, we have employed innovative technology in the digital media to craft integrated omnichannel marketing strategies, capitalising on the online and mobile application platforms to extend our reach beyond our restaurants.

Throughout 2017, we continued to engage the online media and this generated very encouraging results. Social media activities, campaigns and contests enabled us to engage media-savvy youths and broaden our customer base. There was also greater emphasis on online advertising based on interesting content creation. Videos published on YouTube were used extensively in the year under review to feature our food launches and promotional offers.

Mobile Applications
Leveraging on the latest advancements in IT solutions and the widespread popularity of mobile connectivity and applications, the Group continues to invest in these areas to further increase efficiency and align our business with current lifestyle trends. In March 2017, Swensen's launched its very own mobile application. The app, which can be downloaded free-of-charge from the Apple App Store or Google Play Store, enables customers to enjoy the convenience of using its various features, including entry to the "Eat, Win, Love" lucky draw. All news and winner announcements were made through the app. An effective marketing tool with updates on Swensen's weekly app-exclusive offers, the app has proven to be popular with our customers. By the end of 2017, the app had been downloaded more than 150,000 times.

With much preparation work done in 2017, a new mobile app-based Swensen's loyalty program will be launched in 2018 to more effectively recognise, reward, engage and retain our customers.

"Eat, Win, Love" Campaign
For six months from April to September 2017, Swensen's and Earle Swensen's created some excitement with the "Eat, Win, Love" campaign to increase sales by offering attractive cash prizes. Customers got a chance to win five monthly cash prizes of $10,000 and a grand cash prize of $100,000. Capitalising on the popularity of this campaign and to align our marketing efforts with our corporate social responsibility initiatives, winners were also given a choice of charity organisations to benefit. The selected charity organisation received a donation amount equivalent to the winner's prize amount.

Throughout the "Eat, Win, Love" campaign, promotional videos featuring each of the six selected charity organisations and their causes were created and posted on a variety of online and social media platforms such as Facebook, YouTube and Google Network, with the aim of generating awareness and inspiring support for these causes.

Food Delivery Service
With an increased proportion of our media spend channelled towards digital advertising and social media engagement, we also engaged online food delivery platforms as part of our

OPERATIONS REVIEW
SINGAPORE

marketing strategy. Our island-wide food delivery service was launched in January 2017. In addition to engaging our diners at our restaurants, our food delivery service brought our menu offerings to online customers. With the option of enjoying our food in the comfort and convenience of home, we are confident that this service will continue to help our business grow and contribute positively to our productivity.

Enhancing the Dining Experience
During the year, in recognition of the Swensen's brand as one of Singapore's leading family restaurants, Swensen's was conferred the Platinum Award by the Reader's Digest Trusted Brand Survey in the Family Restaurant category. This is Swensen's ninth year winning this prestigious accolade and it continues to validate the hard work we have invested in developing, cultivating and keeping the brand relevant. The Reader's Digest Trusted Brand survey boasts a 19-year heritage in Asia and has a long-established international reputation as the premier measure of brand strength.

In 2017, efforts to keep our menu offerings interesting and refreshing through menu refinements continued throughout the year. Swensen's and Earle Swensen's launched many new food creations and exciting promotional offers to increase footfall and sales. Concurrently, we worked closely with synergistic partners to leverage on one another's services and customer base to further grow our business.

Character Cakes and Premiums
In mid-2017, Swensen's added a new range of ice cream cakes featuring the Justice League action characters and DC Super Hero Girls, with the aim of engaging families with young children. Each Swensen's kid's meal also comes with a complimentary DC character-themed premium to make our children menu offerings even more attractive.

To delight our young diners, a limited edition range of My Little Pony The Movie sundaes and cakes was launched during Christmas 2017.

OPERATIONS REVIEW
SINGAPORE

NS50

In recognition of 50 years of National Service, Swensen's and Earle Swensen's partnered with the Ministry of Defence and SAFRA in the NS50 Recognition Campaign to offer current and former national servicemen a variety of attractive dining deals in appreciation for their contributions to nation building.

Human Capital Development

While the effective management of our human capital continues to be challenging in 2017, it remains a priority to focus on the retention and development of our core employees. To this end, we anticipate that our investments in technology alongside productivity enhancement initiatives and programmes will help to ease off some of the stress on our human capital.

Consolidating Our Footprint

Efforts were made during the year to consolidate our restaurants and outlets to increase mileage and footfall while at the same time, maintain our broad nationwide coverage. The outlet at Marina Square closed in May 2017 while a new restaurant opened in October 2017 at SingPost Centre.

Outlook

Against a backdrop of intense competition, tight labour supply and pressure on increased operating costs, the F&B industry is expected to remain challenging in the current year and beyond. To mitigate these challenges, the Group will continue to focus on improving cost efficiency, in particular on procurement of raw materials and manpower utilisation.

For Swensen's and Earle Swensen's, our strategy moving forward is to push ahead with our efforts in employing innovation and technology in streamlining

our operations, in turn maximising efficiency and creating greater value. Notwithstanding healthier economic sentiments in the current year, expansion of our Singapore footprint will continue to be prudent and selective, with location as the key strategic criterion, while special focus will be given to improve the experience of our customers through continuous product innovation and customer centric initiatives.

Pushing ahead with our training programmes for our employees, there will be increased focus on qualities that reinforce the values of the Company.

In the pipeline is the development of our mobile app-based loyalty programme which will serve to improve customer retention and fuel organic growth.

OPERATIONS REVIEW
SINGAPORE

TIP TOP CURRY PUFFS

Backed by strong brand heritage dating back to 1979, Tip Top Curry Puffs continues to be a popular snack in Singapore. Rich in wholesome traditional home-cooked flavours, our core range of curry puffs feature fillings inspired by local Asian cuisine such as nonya beef rendang and spicy sardine. Over the years, our menu has grown to include a wide variety of local snacks such as deep-fried chicken wings and fish cakes, as well as local favourites such as laksa and nasi lemak.

With the addition of two new outlets at Pasir Ris MRT Station and Hillion Mall during the year, Tip Top Curry Puffs has expanded to comprise ten retail outlets in strategically located areas.

Year in Review

In 2017, emphasis was placed on working with our business partners to increase exposure and extend the reach of our brand with the ultimate aim of increasing sales volume.

With the rising popularity of food delivery service companies such as Food Panda and online deals platforms such as Fave, we leverage on their strengths in both mobile and online commerce to gain access to their highly-engaged consumer audience. Bringing our products to these customers allows us to tap into a wider customer base that goes beyond our retail outlets.

Our partnership with Food Panda enabled us to reach out to more customers via both our own website as well as the vendor's, delivering increased sales across all our outlets.

With Fave, we capitalised on every opportunity to connect with digitally savvy customers through our daily and festive deals. The Fave Pay cashless payment portal offers a cashless experience for our customers and through a rebate system, encourages repeat patronage.

In our continual efforts to expand our range of product offerings, we have developed our proprietary brand of salted egg potato chips – "Say What?!", which retails at both Tip Top retail outlets and Fave online site. This inspired us to create a wider range of salted egg products, including salted egg puffs and salted egg dips.

Outlook

Moving forward into 2018, Tip Top Curry Puffs will continue to focus on enhancing its range of product offering, and looking into areas of opportunities to increase sales while sourcing for potential partners in our business expansion efforts.

In addition, effective and efficient use of manpower especially where manpower is scarce, without compromising operational efficiency, will remain a priority. Proper control of food cost such as wastage control, sourcing for cost effective products, and capitalising on economies of scale will also serve to improve its sustainable expansion.

STICKY WINGS

Our first Sticky Wings outlet opened at Westgate mall in September 2017.

Sticky Wings serves up Asian-inspired chicken fast food, reminiscent of familiar Asian spices our forefathers used in their preparation of our all-time favourites.

Based on our vision of becoming the fast and casual chicken dining of choice for all chicken lovers, we aim to provide our customers with an unforgettable dining experience characterised by exciting food creations of that are of good quality, flavourful and at affordable prices.

In November 2017, the Sticky Wings Chicken Wings Eating Contest created much fanfare and excitement as the winner received a lifetime supply of Sticky Wings. This contest attracted close to 400 participants, all of whom walked away with our exclusive goodie bag. Our teaser video was published online and garnered views in excess of 200,000. To add to the excitement, live coverage on the final event was made available at our Facebook page.

OPERATIONS REVIEW

SINGAPORE

HELLO KITTY ORCHID GARDEN

Set amidst an elaborate and rustic tapestry of a grand and resplendent garden blooming with lush greenery and opulent flowers, the Hello Kitty Orchid Garden café offers a well curated menu that comprises deliciously wholesome fare, ranging from afternoon tea sets to popular brunch and breakfast fare, and featuring the popular Sanrio character, Hello Kitty. The café boasts an impressive spread of delectable desserts such as gelato sundaes, waffles, pastries and tea cakes, while in-house baristas ensure that diners end their meals on a memorable note with special handcrafted beverages.

Hello Kitty Orchid Garden opened at Changi Airport in May 2016 as the first full-fledged Hello Kitty themed café that is Halal-certified and operates round the clock. Strategically located at Terminal 3 of Changi Airport, the café is a hit with both local customers and international tourists.

Year in Review

Hello Kitty Orchid Garden won the New Food & Beverage Concept of the Year award at the 2017 Airport Food & Beverage Awards held in June 2017. Organised by The Moodie Davitt Report and The Foodie Report, the FAB Awards recognises the best and most innovative concepts in the travel-related food and beverage industry. Judging criteria include innovation, performance, suitability for the travel channel, service and quality standards. Hello Kitty Orchid Garden emerged the winner amidst nine other contenders from around the world.

Rated among the favourites by Chinese tourists in the widely popular Meituan-Dianping app, Hello Kitty Orchid Garden also received the 2017 Popularity Award in Singapore by Meituan-Dianping.

In 2017, Hello Kitty Orchid Garden expanded its menu offerings by regularly introducing limited edition seasonal food, desserts and drinks throughout the year. A new kid's menu was launched in mid-2017 to cater to young Hello Kitty fans.

In the year under review, we also launched a special CAG staff weekday menu to cater to our customers in the airport with value-for-money set meals available for both lunch and dinner.

A loyalty program was also launched in 2017 to engage and reward fans of Hello Kitty who patronise the café.

As the novelty factor is important for character themed cafes, we incorporated various Instagram-worthy Hello Kitty elements such as festive photo walls and plush toys for photo taking opportunities.

New exclusive Hello Kitty Orchid Garden merchandise such as T-shirts, charm bracelets, plush toys and collectible figurines were available for sale at the café in 2017.

In addition, we actively engaged both social and traditional media in publicising Hello Kitty Orchid Garden's new offerings and in generating excitement. The café was also featured in Manja's popular show Makan Tiub and on Warna 94.2FM.

Outlook

Moving forward into 2018, we intend to expand our network of partners to include banks and CAG to leverage on their customer base to promote the café. We will also intensify our marketing efforts to attract tourists, working with partners such as Meituan-Dianping, AliPay and CIMB.

OPERATIONS REVIEW
SINGAPORE

CHILLI PADI

Chilli Padi restaurant first started at Kim Tian Road in 1997, specialising in Peranakan fare, specialty cuisine of the Straits-born Chinese originating from the Straits of Malacca. As it gained popularity, the restaurant moved to larger premises in Joo Chiat Road in 1998. The move facilitated its expansion and equipped its kitchen with the capability to prepare food for the catering business. With its successful entry into the industry catering Halal food, Chilli Padi continued to expand its business and in 2003, it began to cater non-Halal food. As part of its expansion strategy, Chilli Padi also started to manage corporate cafeterias, the latest addition being the cafeteria at Edwards Lifesciences at Changi North Crescent.

Today, having established itself as a well-known brand name and a leading Peranakan cuisine specialist, the Chilli Padi Group operates restaurants and cafeterias, and provides Halal and non-Halal catering services, as well as confinement food catering. It comprises the Chilli Padi Nonya Restaurant at Joo Chiat Place, Chilli Padi Nonya Café at Heng Mui Keng Terrace, as well as several cafeterias islandwide that are operated by the group.

Over the years, the Chilli Padi Group has won numerous accolades for its contributions to authentic Peranakan fare in Singapore. Peranakan cuisine, in itself, serves to differentiate Chilli Padi from its competitors. Amongst its extensive menu of Peranakan specialties are popular award-winning dishes such as Ayam Buah Keluak, Curry Assam Fish Head and Nonya Popiah. Chilli Padi's Peranakan cuisine has earned recognition as a uniquely fine example of Singapore's rich food heritage.

In 2017, the Group acquired an 80% majority stake in the Chilli Padi Group. The acquisition enables the Group to expand into the food catering business, broaden the spectrum of its existing food and beverage selections to include Peranakan food, and bring in

an established brand into the Group's business. The Group now has the opportunity to tap into Chilli Padi Group's customer base and expand its demography of customers.

Year in Review

The Chilli Padi Group's performance in FY2017 contributed positively to Group results. In addition to its non-corporate customers, the Chilli Padi Group maintains a strong focus on corporate bulk catering and long-term contracts. With its sizeable portfolio of repeat and long-term customers, the catering business is the main contributor to Chilli Padi Group's revenue.

Many caterers are consolidating their market positions by offering menus that are increasingly specialised and sophisticated, and comprise food items of good quality. Strong market players have raised the barriers to entry resulting in fewer new entrants to the catering business. In the face of intense competition from established players, Chilli Padi's growth over the years has mostly been organic and its increase in clientele has been largely attributed to referrals. As it continues to explore viable complementary businesses as part of its expansion strategy, its foray into confinement food catering has carved for itself a pathway into the niche market.

Driven by efforts to increase productivity and efficacy, the Chilli Padi Group has adopted innovation and introduced the use of an autonomous robot in its Heng Mui Keng outlet to help move dishes and tableware within the premises, thereby sharing the workload of the employees.

Outlook

Moving ahead into 2018, the Chilli Padi Group will be focusing on several areas to grow its business. First and foremost, in its efforts to harness the potential of the digital media, its website will be revamped to reflect a more contemporary look and feel. This is aligned to its efforts to build its presence on social media.

Operationally, a key priority will be the enhancement of the ordering system to increase overall efficiency and improve the customer experience.

Additionally, the Chilli Padi Group is considering increasing the central kitchen space and concurrently reorganising the central kitchen set-up to increase production capacity.

As a socially conscious organisation, the Chilli Padi Group made cash and food donations, and sponsors food for charity events during the year in review. As part of its conservation efforts, starting from 2017, all disposable cutlery and utensils provided for the catering business are made of biodegradable materials.

OPERATIONS REVIEW
MALAYSIA

SEASON CONFECTIONARY & BAKERY AND SEASON'S CAFÉ

Season Confectionary & Bakery ("Season Confectionary") began operations in 1975 as a small artisanal bakery and cake shop in Taman Sentosa, Johor Bahru. Over the years, its freshly baked cakes, bread, confectionery, pastries and its iconic Season mooncakes have won the hearts of many Malaysians and Singaporeans.

Season's Café serves up quality Western cuisines at affordable prices and also retails the confectionery products of its sister bakery.

With over 40 years of operational history and experience, Season Confectionary and Season's Café have grown to over 20 outlets strategically located within prime residential areas and popular shopping malls across Johor Bahru city.

Year in Review

In the year under review, Season Confectionary rejuvenated its existing outlets and packaging with an updated look and feel; created and launched new and refreshing flavours of cakes and confectionery throughout the year; and ramped up its promotional activities to achieve the improved performance. In addition, the strong Singapore Dollar encouraged Singaporeans to shop across the causeway and this helped to contribute to the growth of our bakery business. However, Season's Café continues to cope with the pressures of higher staff cost, rising food cost and increasing operational expenses.

Following the successful revamp of the outlet at Taman Pelangi, Season Confectionary continued to focus on the rejuvenation of its existing outlets in 2017. Renovation work for the three outlets at Permas Jaya, Plaza Tasek and Mount Austin were completed during the year. In addition to attractive marketing and promotions such as monthly confectionery specials, the newly renovated outlets also served to attract more customers. In addition, two new outlets opened at Mega Ria and Aeon Dato Onn in 2017. The new Mega Ria outlet is located within a residential neighbourhood, thereby increasing convenience to our customers. The elegant and modern new outlet at Aeon Dato Onn shopping mall is expected to attract a younger crowd. Collectively, the refurbished look of our outlets has garnered positive response from our younger generations of customers.

For Season Confectionary, the increase in revenue is attributable to several key areas, namely: our annual promotional events such as the Lunar New Year Lucky Draw; the introduction of new products such as new flavours of cookies and goodies during the Lunar New Year; and the increased variety of festive hampers sold. With the celebration of every festivity, such as Valentine's Day or the Mid-Autumn Festival, there would always be a specially designed cake or pastry to commemorate the event. These festival-themed products help to attract a younger generation of customers and play an instrumental role in extending our reach beyond our regular pool of loyal customers. Concerted efforts to keep the majority of celebration cakes small has increased their popularity and reduced wastage, in turn resulting in improved sales and profits.

In June 2017, the launch of our updated Hari Raya packaging and green money packets made our confectionery attractive gifts for the festive celebrations. The new design drew the crowds to our outlets and played a pivotal role in increased sales.

In August and October 2017, we celebrated the Mid-Autumn Festival with a lucky draw in which a brand new car was given away to the winner. The prospect of winning the car boosted sales significantly and attracted customers, both local and from Singapore.

In October 2017, Deepavali cookies were launched for the first time, the sales of which were encouraging enough for us to plan to make this an annual event.

In 2017, Season's Café continued to refine its promotion strategy. A variety of creative marketing initiatives were implemented throughout the year to encourage increased spending at our cafés, many of which involved promotions on menu items such as one-for-one promotions; the creation of affordable set menus; and the introduction of innovative and interestingly themed menus. In our efforts to cater to our young customers, children enjoy free ice cream and balloons on weekends. Additionally, purchase-with-purchase and add-on promotions contributed positively to our bottomline.

OPERATIONS REVIEW
MALAYSIA

To keep our customers abreast of promotions and events at our bakeries and cafés, leaflets and discount vouchers are distributed while advertisements through electronic direct mailers are circulated amongst our customer base.

Beyond the rejuvenated menu and plethora of promotions, Season's Café also continued to focus on creating a family-friendly dining environment to help families connect by offering them a place to relax and share a meal. The Season's Café at Plaza Pelangi now has an updated look and feel as renovation works were completed in March 2017.

Additionally in the year under review, Season's Café continued to promote its catering services in order to bring our products to our customers. Response to our catering service has continued to be positive and encouraging.

Towards the end of the year, we launched our exclusive Christmas confectionery. To celebrate the approaching New Year, we also gave away Season calendars for 2018, together with discount vouchers to our customers.

Our efforts to harness the potential of technology in improving effectiveness and efficiency are on-going, with constant upgrades to our systems and updates to the design and functions of our website. We have engaged the use of social media such as Facebook in the promotion of the Season brand.

Outlook

As we push on ahead into the current year, Season Confectionary will continue in our efforts to improve performance by expanding our presence to increase our markets share, as well as persisting in the research, development and re-engineering of our product range. Our dual-pronged strategy of constantly updating and widening our range of product offerings, while continuously seeking new locations to expand our business, will continue to be on-going priorities. In addition, we will explore the extension of our corporate sales to the Singapore market.

Investments in new machinery to keep us updated, efficient and relevant, as well as investments in upgrading our human capital, will continue to be key priorities. Besides upgrading our service quality, training will also be intensified to boost the product knowledge and communication skills of our frontline employees.

Moving ahead, Season Confectionary and Season's Café will continue to focus on the creation of innovative promotional activities to drive sales, leveraging on the advantage of the weaker Malaysian Ringgit to attract customers from Singapore.

For 2018, we expect to continue with our below-the-line advertising and marketing for the Malaysia market while exploring various tie-ups with landlords and office staff through electronic direct mailers to offer corporate discounts. There will be constant updates of the various promotions and events via digital media to entice them to increase their visit to the outlets.

Going beyond 2017, in our continuing efforts to improve performance, Season's Café will retain its focus on refining its service level and offer customers an exciting menu of value-for-money quality food choices. We believe that there remains potential in the bakery and café businesses as there is a willingness to pay more for good quality food products.

SWENSEN'S AND EARLE SWENSEN'S MALAYSIA

Swensen's Malaysia comprises a mix of franchises and corporate-owned outlets. By the end of 2017, our network of restaurants had grown from six outlets to a total of nine outlets spread across Johor, Kuala Lumpur and Penang.

During the year, three new corporate-owned outlets opened at shopping malls in Kuala Lumpur, namely Da Men Mall in February 2017, Melawati Mall in July 2017 and IOI City Mall in September 2017.

Year in Review

Swensen's Malaysia's performance in 2017 was impacted by the challenging operating environment. The cost of food and raw materials continued to be high, while we continued to face pressures in attracting and retaining skilled talent.

In its efforts to boost performance, Swensen's Malaysia rolled out a variety of promotions in 2017 that featured value-for-money set meals, free ice cream and one-for-one meals to attract customers and increase sales.

Outlook

Swensen's Malaysia will continue to drive growth by delivering good service, exciting food choices, creative desserts and sundaes, as well as value-for-money meals to our customers.

In addition, Swensen's Malaysia will continue to push on with its expansion strategy by seeking out new and strategic locations to situate new outlets, enhance our existing outlets, and capitalise on appropriate platforms to regularly launch new menu offerings as we believe in the growth potential of the Swensen's brand in Malaysia.

SUSTAINABILITY REPORT

Board Statement

Welcome to ABR's inaugural Sustainability Report. At ABR, we believe that driving our business using sustainable methods and practices allows us to achieve sustainable and resilient growth of our businesses. This report provides information on the areas in which we believe we have the most environmental, social and governance ("ESG") impact, together with our performance and targets in these areas.

A core focus of our ESG best practices is our belief and commitment to making a difference to our community. Over the years, we have cultivated a culture of giving back to our community, building on and widening our corporate social responsibility initiatives as well as our network of outreach partners. We are a recipient of the inaugural Champion of Good 2017 award which recognises companies that are catalysts of change for corporate giving.

As the Board of Directors of ABR, we have been overseeing the development of this sustainability report, supported by our management team. This involved a materiality assessment to identify the key ESG factors for our business as well as developing performance indicators and targets.

We are delighted to share our sustainability journey with you in this report and would like to thank everyone who has been a part of our journey for their support throughout the years. With our sustainability goals in mind, we will continue to work towards strengthening our capabilities, creating meaningful value for stakeholders and being a positive contributing member of our community.

About this Report

This report describes the sustainability performance of ABR for FY2017 and forms part of ABR's Annual Report 2017.

Reporting Period
1 January 2017 to 31 December 2017

Reporting Framework
This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards (2016) and the GRI Reporting Principles were considered.

Scope of Report
Unless otherwise stated, this report is prepared in respect of our Swensen's and Earle Swensen's restaurants and ice-cream manufacturing operations in Singapore. Our employee data includes employees within our Head Office and Swensen's and Earle Swensen's in Singapore.

Feedback
We welcome feedback from all stakeholders. Please send questions, comments, suggestions or feedback relating to this report or our sustainability performance to enquiries@abr.com.sg.

Sustainability Governance at ABR

Board	Oversees and manages the direction, approach and performance of sustainability of ABR.
Sustainability Steering Committee	Comprised of senior management personnel who monitor and manage our sustainability practices & keeps the Board updated of material developments.
Sustainability Task Force	Comprised of data owners from each department who are responsible for the sustainability performance of their respective departments.
All Staff	

SUSTAINABILITY REPORT

Stakeholder Communication

As one of the market leaders in the casual western dining category and one of the preferred choices in good value family dining, we recognise that our business operations and reputation affect, and is affected by, the perceptions of a diverse group of stakeholders. An effective and successful collaboration with stakeholders, both internal and external, is the key to tackling sustainability issues and improving sustainability practices.

Through pro-active engagement with our stakeholders, we have identified our key ESG concerns and evaluated the risks and opportunities of sustainability strategies and sustainability action plans. Our approach towards stakeholder engagement is summarised below:

Investors					
Communication Frequency	All the time	Annually	Where it is necessary		
Communication Channels	SGXNet	Annual General Meeting	Extraordinary General Meeting		

Customers					
Communication Frequency	All the time	All the time			
Communication Channels	Guest satisfaction surveys	Open feedback channels			

Employees					
Communication Frequency	All the time	All the time	Annually	All the time	All the time
Communication Channels	Induction programme for new employees	Training and development programmes	Career development performance appraisals	Recreational and wellness activities	Regular e-mailers and meetings

Communities					
Communication Frequency	All the time	All the time	All the time		
Communication Channels	Corporate giving and philanthropy activities	Engagement with community projects and charities	Open feedback channels		

Government					
Communication Frequency	All the time	All the time			
Communication Channels	Meetings and dialogue sessions	Membership in industry associations such as Singapore Institute of Directors (SID), Singapore Business Federation (SBF) and Restaurant Association of Singapore (RAS).			

Business Partners					
Communication Frequency	All the time	All the time			
Communication Channels	Regular dialogue sessions with key service providers	Established channels of communication			

SUSTAINABILITY REPORT

Materiality Assessment

Guided by our independent sustainability consultant, we conducted a materiality assessment to identify our key areas with significant ESG impacts. The assessment was undertaken in line with the GRI Standards to identify and validate material ESG factors.

STEP 1: IDENTIFICATION
Our independent sustainability consultant identified a non-exhaustive list of economic, environmental, social and governance topics through peer benchmarking.

STEP 2: SELECTION
Our senior management considered and rated these topics for their significance to and impact on our operations. Their perspective encapsulates input they have received from various stakeholders, both internal and external, who they interact with in their roles.

STEP 3: VALIDATION
The topics selected from Step 2 were confirmed and validated by our Board.

Material ESG Factors

The six material ESG factors selected for sustainability reporting in this report are listed below.

- Product Quality and Safety
- Our People
  - Talent Retention and Development
  - Occupational Health and Safety
- Responsible Sourcing
- Waste Management
- Corporate Compliance
- Local Communities

Product Quality and Safety

As a restaurant operator and ice cream manufacturer, ensuring that our food and beverage products are safe for consumption is our top priority. We maintain stringent food quality standards through implementing our food handling and processing practices in our day-to-day operations. We closely monitor our food preparation process and conduct regular checks to ensure that our practices are complied with.

There were no incidents of significant fines or non-monetary sanctions for non-compliance with applicable health and safety related regulations in 2017. For the forthcoming year, we target to maintain zero incidents of significant fines or non-monetary sanctions for non-compliance with applicable health and safety related regulations in 2017.

Performance 2017	Target 2018
Zero incidents of significant fines or non-monetary sanctions for non-compliance with applicable health and safety related regulations	Zero incidents of significant fines or non-monetary sanctions for non-compliance with applicable health and safety related regulations
All of our outlets obtained an "A" grading from NEA save for one outlet which obtained a "B" grading.	Obtain "A" grading from NEA for all of our outlets.
Achieved and maintained Grade A for excellence in food hygiene, sanitation and processing from AVA for our ice-cream manufacturing facility. Received the Platinum Award from AVA for our ice-cream manufacturing facility, which is awarded to companies that have maintained 20 consecutive years of Grade A status.	Maintain Grade A for AVA's annual grading assessment.

Restaurant Operations

National Environment Agency ("NEA") *Food Safety & Handling*	Grading System for Eating Establishments and Food Stalls Retail food establishments are given a grade by NEA based on the overall hygiene, cleanliness and housekeeping standards of the premises. In 2017, all of our outlets obtained an "A" grading from NEA save for one outlet which obtained a "B" grading. Going forward, we aim to obtain "A" grading from NEA for all of our outlets. Food Hygiene Officer We maintain a core team of certified Food Hygiene Officers comprising of our management chefs who oversee our food hygiene systems and exercise close vigilance and supervision to enforce a high standard of food hygiene in our food preparation.
Majlis Ugama Islam Singapura ("MUIS") *Halal Certification*	All of our restaurants in Singapore are Halal-certified by MUIS, the Islamic Religious Council of Singapore. We undertake regular audits to ensure that we maintain valid Halal certification at all times and will continue to do so going forward.
Health Promotion Board ("HPB") *Healthier Dining Programme*	Customers have varying nutritional requirements and the demand for healthier and more nutritional menu options has been increasing. Having regard to this, we regularly review our product offerings and seek to provide a wide variety of food and beverage menu options. We are a participating partner under HPB's Healthier Dining Programme. In order to qualify, restaurants have to offer at least three dishes that are lower in calories and/or wholegrain options.

Case Study

To satisfy increasingly health-conscious palates, Earle Swensen's serves up speciality grilled entrées and boasts a buffet salad bar that features compound salads, fresh greens, fruits as well as homemade signature dressings.

Swensen's Kid's Meal features improved recipes which incorporate vegetables into selected sauces to enhance their health quotient. These sauces were specially developed with the aim to increase the amount of essential nutrients from vegetables in each serving, which will directly benefit our young customers.

Ice Cream Manufacturing

Health Hazard Critical Control Point ("HACCP")	HACCP is a systematic preventive approach to food safety and is used in the food industry to identify potential food safety hazards, so that key actions can be created to reduce or eliminate the risks. We have implemented a food safety management system based on HACCP since 2002. We will continue to review and update the system where necessary and conduct regular audits to ensure that there are no lapses in the system.
MUIS *Halal Certification*	We have received Halal certification from MUIS for our ice-cream products since 2003. We undertake regular audits to ensure that we maintain valid Halal certification at all times and will continue to do so going forward.
Agri-Food & Veterinary Authority of Singapore ("AVA") *Annual Grading Assessment*	In 2017, we achieved and maintained Grade A for excellence in food hygiene, sanitation and processing. In 2017, we also received the Platinum Award, which is awarded to companies that have maintained 20 consecutive years of Grade A status. Going forward, we target to continue maintaining our Grade A for AVA's annual grading assessment.

SUSTAINABILITY REPORT

Our People

Talent Retention and Development
At ABR, our people play a crucial role in the growth of our business. We believe that investing in our people and maintaining a skilled and passionate team is key to supporting our competitive advantage. It is our commitment to provide quality jobs with meaningful work, and a working environment supported by a healthy management system. We aim to create an environment where our employees feel valued and respected.

During the year, 880 new employees joined us (2016: 1,175) and 760 employees left us (2016: 987). In 2017, our average monthly turnover rate was 3.11%, which is a slight increase on last year's rate of 3.06%. Notwithstanding that, our average monthly turnover rates for 2017 and 2016 were lower than the respective national industry average monthly turnover rate of 3.8%[1] for each year. In 2018, we aim to maintain average monthly turnover rate below the national industry average monthly turnover rate.

Performance 2017	Target 2018
Employee average monthly turnover rate was 3.11%	Maintain employee average monthly turnover rate below national industry average monthly turnover rate

Recruitment

ABR recruits people with shared vision and values through various avenues, such as its Employee Referral Programme and participation in recruitment fairs with government agencies and educational institutions.

In 2017, we conducted 20 recruitment fairs and worked with the following partners:

Community Development Councils (CDCs); Employment and Employability Institute (e2i); Chinese Development Assistance Council (CDAC); Workforce Singapore (WSG); Mendaki Singapore; Ministy of Defence (MINDEF); Ministry of Home Affairs (MHA); Association of Small and Medium Enterprises (ASME); and Singapore Corporation of Rehabilitative Enterprises (SCORE).

Policies & Initiatives

Our human resource strategies and policies are framed to enhance our company's and employees' productivity and effectiveness, and to encourage our employees' continuous contribution and growth. Our Employee Handbook sets out our policies and procedures in respect of employment hiring, learning, and development, code of conduct and employment benefits.

We believe it is important to encourage healthy lifestyles and we undertake various initiatives to empower our people with the knowledge to do so. The initiatives undertaken in 2017 included a lunch talk conducted by National Kidney Foundation (NKF) on "Healthy Eating" with the objective of imparting know-how to make better choices or smart swaps when eating outside, home cook and grocery shopping.

Awards

As a well-known food facilitator in Singapore, ABR was a finalist in the HRM Awards 2017 organised by HRM Asia. HRM Awards is considered throughout the industry to be the pre-eminent awards for HR due to a stringent panellist selection and extensive research undertaken to identify top employers, HR professionals and HR practices in Singapore.

[1] *Source: Labour Market Report 2017 and Labour Market Report 2016*

SUSTAINABILITY REPORT

Training and Development

In order to adapt to the changing environment and organisational growth needs, we invest in our people through training and development programmes which strengthen their commitment to the company and boost performance at both individual and organisation levels.

In 2017, all our eligible employees received an annual performance appraisal, during which their learning needs were assessed, which is an important tool to keep employees satisfied and loyal. In 2018, we aim to continue to provide all eligible employees with an annual performance appraisal.

mLearning	Our mobile learning system (mLearning) empowers our people to learn anytime, anywhere, from their preferred mobile device. This platform was launched at 5 Swensen's outlets in 2016 and was well-received. In 2017, mLearning was extended to 2 additional outlets.
Food Safety Training	We aim to equip our people with the necessary knowledge and understanding in food safety and hygiene through our training programme. Food safety and hygiene practices are continuously introduced, implemented and maintained at all levels in our operations.
ABR Talent Bank	Our ABR Talent Bank places a strong focus on building future leaders for both the short and long term. The programme provides internal training and external classroom learning and also matches individual talents to a particular department or brand for attachment. This 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.
Talent Recognition	To encourage employees' continuous development, we adopt a strategic rewarding system to recognise our employees' contribution. ABR Long Service Awards are held annually to show our appreciation to long service employees for their contributions and loyalty and to celebrate their career milestones.
Performance Appraisal	All eligible employees receive an annual performance appraisal each year. The performance appraisal assesses each employee's development needs and we do our best to give our employees access to the training they need.

SUSTAINABILITY REPORT

Diversity and Equal Opportunity

At ABR, we believe that a diverse workforce contributes different perspectives and insights which leads to increased productivity and profitability and also builds a positive image and reputation for the organisation. We strive to recruit across different demographics such as age, race, gender, religion and marital status. As part of our efforts to create an inclusive workplace, we partner with SCORE to recruit ex-offenders as well as Delta School under the Association for Persons with Special Needs ("APSN") and Metta School to provide training and employment opportunities for their students. We also believe in equal opportunity employment, and implement policies and practices to ensure fair and merit-based employment.

Socially Conscious Workforce

We are passionate about helping the less privileged who often struggle with the demands of a fast-paced environment, and aims to inculcate in our people the same compassion and socially conscious spirit.

Beyond the growth of the Company and personal well-being, we encourage our people to lend a helping hand to those who are impeded by challenges and require assistance to move ahead. In 2017, almost $4,000 was raised within ABR for the benefit of NKF to help low income patients cope with the hefty bills incurred for treatment and dialysis.

During the year, ABR collaborated with Movement for the Intellectually Disabled of Singapore ("MINDS") to collect pre-loved or new items for sale at the MINDS thrift shop managed by MINDS trainees. The objective is to give the trainees an opportunity to interact with customers, in preparation for full-time employment. All proceeds from the sale of these items went to the trainees as their allowance. A grand total of 820 items were donated by our employees.

Occupational Health and Safety

The nature of our industry and working environment means that some of our people are in roles that pose some health and safety risks. As a responsible employer, we are committed to address and mitigate these risks where possible to create a zero-accident workplace environment.

This is achieved through a combination of the following:

- Instilling a people-oriented safety culture
- Developing and implementing policies and practices for day-to-day operations and undertaking periodic checks and inspections
- Ensuring that requisite training and certification is received by relevant employees. As an example, selected employees attended the bizSAFE Level 2 course on Risk Management Implementation Plan which aims to reduce risk at source by managing the risk management process in the workplace
- Forming and maintaining a Fire Committee to execute a systematic and orderly evacuation plan and conducting regular fire drills at Swensen's restaurants

Performance 2017	Target 2018
Zero workplace injuries resulting in a fatality or permanent disability	Zero workplace injuries resulting in a fatality or permanent disability

In 2016 and 2017, there were no workplace injuries resulting in a fatality or permanent injury. In 2018, we target to maintain zero workplace injuries resulting in a fatality or permanent disability.

SUSTAINABILITY REPORT

Responsible Sourcing

Performance 2017	Target 2018
Major suppliers screened using our vendor evaluation form	Continue screening major suppliers using our vendor evaluation form

Supplier Assessment

ABR views the sustainability of its supply chain as a key part of its sustainability performance. We believe that supply chain assessments are crucial in ensuring that only high quality ingredients are sourced and used in the production and preparation of food.

Our centralised procurement team safeguards our high standards on food quality and safety and oversees our strategic cost management to drive long term sustainable savings. Our suppliers are selected after stringent assessments for product quality. This assessment involves requesting that suppliers complete the vendor evaluation form which requires them to make a self-declaration that they comply with the various mandatory requirements in health and safety and quality. Requirements include ISO 9002, HACCP, AVA and Halal certification where appropriate. Apart from the self-declaration, suppliers must provide valid and official documentation to support their declaration. In addition, it is compulsory for suppliers to provide us with their importation certification issued by AVA, under which locally produced items are required to comply with NEA's requirements.

Our selected suppliers continue to be monitored and assessed on an on-going basis to assure compliance against food health and safety as well as hygiene standards. Our supply chain management teams regularly visit factories of key suppliers to ensure they fulfill our responsible sourcing standards and identify ways to enhance their operational performance.

We are sensitive to the impact of responsible food sourcing and will continue to undertake regular visits to suppliers to ensure and maintain a high standard for food health and safety in the forthcoming year.

Halal Certification

Being a halal-certified business, it is important for us to ensure that products sourced from our suppliers comply with MUIS' halal certification requirements. All products received from our suppliers must be certified by a Halal Certifying Body recognised by MUIS, or certified by MUIS itself.

Waste Management

Performance 2017	Target 2018
26.22% of total cooking oil sent for recycling	Maintain the percentage of total cooking oil sent for recycling

We believe that proper management of waste, effective use of resources and carrying out our day-to-day operations in an environmentally responsible manner will result in lower environmental impact and lower operating cost.

Our waste management approach is to reduce the amount of waste generated from our business operations and to encourage recycling efforts where possible. Our used cooking oil is sold to an external contractor that processes the used oil into biodiesel and other commercial products. In doing so, the used oil is recycled and will not be improperly disposed. 22.86% of our total cooking oil was recycled in 2016 and this was increased to 26.22% in 2017. For the forthcoming year, we target to maintain the percentage of total cooking oil sent for recycling.

SUSTAINABILITY REPORT

Corporate Compliance

Performance 2017	Target 2018
Zero incidents of significant fines or non-monetary sanctions for non-compliance with laws and regulations	Zero incidents of significant fines or non-monetary sanctions for non-compliance with laws and regulations

Maintaining public trust is of utmost priority to any company. ABR is committed to upholding high ethical standards and integrity in its operations as well as complying with all applicable laws and regulations. This involves good corporate governance, responsible business practices, as well as an accountable and transparent management system in order to prevent non-compliance, misconduct or corrupt business practices.

To fulfill our core value of "integrity", we take relevant actions to motivate our employees to comply with all applicable laws and regulations, such as SGX Listing Rules, MOM Regulations and Personal Data Protection Act. Regular review and updates are conducted by receiving information via emails from relevant regulatory websites, secretarial firms and auditors. The applicable updates are then sent to relevant employees to ensure that operations are in compliance with all changes made in policies or laws that might impact our business or finances.

ABR believes that it is important to eliminate the risk of undesirable behaviour among employees in order to prevent reputational damage and maintain stakeholder trust. All employees are required to adhere to the Employee Handbook which includes Employee Code of Conduct and Conflicts of Interest Policy in their daily work and business execution. We do not tolerate any violation of the Code and treat every reported case and possible violation incident seriously. To ensure that conflicts of interest are identified, declared and managed, all employees occupying a position of trust are required to make an annual declaration in respect of any potential or actual conflicts of interest.

We also encourage open communication with employees. A whistle-blowing policy is in place to provide a transparent channel for employees to report concerns about unethical or unlawful behaviour and matters related to organisational integrity. Any form of retaliation against an individual who in good faith reports a suspected violation is prohibited. In addition, we provide feedback channels and anonymous hotlines to further strengthen our determination of zero-tolerance approach towards corruption and fraud.

There were no incidents of significant fines or non-monetary sanctions for non-compliance with applicable laws and regulations in 2017. Moving forward, ABR is committed to ensure and maintain a high standard of corporate governance and business conduct in order to comply with industry norms and safeguard the interest of our stakeholders. For the forthcoming year, we target to maintain zero incidents of significant fines and non-monetary sanctions for non-compliance with laws and regulations.

Community Engagement

Performance 2017	Target 2018
Engaged with 29 community projects and charities in 2017	Maintain or increase number of community projects and charities engaged with

We recognise our business operations can have impacts, whether positive or negative, on the communities within which we operate. Where possible, we try to anticipate and avoid creating negative impacts on our local communities. At the same time, it is important to us that we consciously continue to engage in activities that positively impact our local communities.

At ABR, we believe in giving back to the community, and this has contributed to our success over the years. We partner with various organisations, including government bodies and registered charities, to address a variety of identified concerns and focus on causes that the local communities are concerned about.

There are 3 fundamental pillars of our community engagement, which are People with Disabilities, Children and Youth, and Families. As a result, we focus our community engagement efforts on 4 key areas: Education and Training, Children Initiative, Rehabilitation Efforts and Community Outreach. Please refer to the section on Corporate Social Responsibility in our annual report for more details on these activities.

In 2017, we had engagements with a total of 29 community projects and charities. In the forthcoming year, we target to maintain or increase the number of community projects and charities that we work or partner with.

SUSTAINABILITY REPORT

GRI Content Index

GRI Standards (2016)		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	ABR Holdings Limited
102-2	Activities, brands, products, and services	Annual Report, About Us, page 1
102-3	Location of headquarter	Annual Report, Corporate Information, page 32
102-4	Location of operations	Annual Report, About Us, page 1
102-5	Ownership and legal form	Annual Report, Group Structure, page 31
102-6	Markets served	Annual Report, Operations Review, pages 4 to 12
102-7	Scale of the organisation	Annual Report, Operations Review, pages 4 to 12 and Group Structure, page 31
102-8	Information on employees and other workers	Our People, Talent Retention and Development, page 17
102-9	Supply chain	Responsible Sourcing, page 20
102-10	Significant changes to organisation and its supply chain	No significant changes in the last year
102-11	Precautionary principle or approach	ABR Holdings does not specifically apply the precautionary approach
102-12	External initiatives	Product Quality and Safety, pages 15 to 16
102-13	Membership of associations	Stakeholder Communication, page 14
Strategy		
102-14	Statement from senior decision-maker	Board Statement, page 13
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Board Statement, page 13
Governance		
102-18	Governance structure	Sustainability Governance at ABR, page 13
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Communication, page 14
102-41	Collective bargaining agreements	There are no collective bargaining agreements
102-42	Identifying and selecting stakeholders	Stakeholder Communication, page 14
102-43	Approach to stakeholder engagement	Stakeholder Communication, page 14
102-44	Key topics and concerns raised	Stakeholder Communication, page 14
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Annual Report, Notes to the Financial Statements, pages 87 to 90 and 95 to 96
102-46	Defining report content and topic Boundaries	About this Report, page 13
102-47	List of material topics	Material ESG Factors, page 15
102-48	Restatements of information	None

SUSTAINABILITY REPORT

GRI Standards (2016)		Notes/Page number(s)
102-49	Changes in reporting	None
102-50	Reporting period	1 January 2017 – 31 December 2017
102-51	Date of most recent report	This is the first sustainability report
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	enquiries@abr.com.sg
102-54	Claims of reporting in accordance with GRI Standards	About this Report, page 13
102-55	GRI content index	GRI Content Index, pages 22 to 23
102-56	External assurance	ABR Holdings Limited has not sought external assurance for this reporting period.
Management Approach		
103-1	Explanation of the material topic and its boundary	Materiality Assessment, page 15 Sustainability Governance at ABR, page 13 Please refer to the chapter for each material factor.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
Material Topics		
Effluents and Waste		
NA	Waste oil recycled	Waste Management, page 20
Supplier Assessment		
NA	Suppliers screened using vendor evaluation form	Responsible Sourcing, page 20
Employment		
401-1	New employee hires and employee turnover	Our People, Talent Retention and Development, page 17
Occupational Health & Safety		
403-2	Types of injury and rates of injury	Our People, Occupational Health and Safety, page 19
Training and Education		
404-3	Percentage of employees receiving regular performance and career development reviews	Our People, Training and Development, page 18
Local Communities		
413-1	Assessment and management of economic, social, cultural, and/or environmental impacts on local communities in the vicinity of operations.	Community Engagement, page 21
Customer Health and Safety		
416-2	Health, safety and/or quality considerations for the consumer, including the adherence to customer health and safety regulations and voluntary codes.	Product Quality and Safety, pages 15 to 16
Socioeconomic Compliance		
419-1	Compliance with various laws and regulations relevant to your business activities	Corporate Compliance, page 21

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY CARE ENGAGEMENTS OF ABR

ABR believes strongly in lending a hand to the underprivileged and giving back to the community within which it operates. As the Group grows in value over the years, some members of our community inevitably fall back or get left behind. ABR is committed to helping the underprivileged move forward to live better lives.

Company of Good

In June 2016, ABR became a Founding Member (Corporate) of the Company of Good. Headed by the National Volunteer & Philanthropy Centre ("NVPC"), in partnership with the Singapore Business Federation Foundation ("SBFF"), and supported by the Ministry of Culture, Community and Youth ("MCCY"), the Company of Good was established in June 2016. As part of its vision to drive corporate giving in Singapore and to make "goodness the business of every organisation", the Company of Good is set up to help convert corporate non-givers into givers and encourage companies that already give to become multipliers and leaders of good.

In the spirit of giving, ABR combined business with good deeds by organising the "Eat, Win, Love" campaign which ran for six months from April 2017 to September 2017 at Swensen's and Earle Swensen's restaurants. ABR gave out a total of $150,000 in lucky draw cash prizes to six winners who in turn selected six charities (IPCs in the categories of Children, Youth & Families and Disabilities) to which ABR matched with another $150,000 in cash donations. These six charities were Fei Yue Family Service Centre, VIVA Foundation, Movement for the Intellectually Disabled of Singapore ("MINDS"), Ju Eng Home for Senior Citizens, The Bone Marrow Donor Programme and SPD (formerly known as Society for the Physically Disabled).

In November 2017, ABR was conferred the Champion of Good award in recognition of its exemplary giving. Champions of Good is a national recognition framework under the Company of Good, designed to catalyse the corporate giving movement and build a City of Good. It is an annual recognition of companies that have not only been exemplary in their corporate giving efforts, but have also been an influencer and multiplier by engaging their partners and stakeholders on a collaborative giving journey. At the inaugural Champions of Good 2017, ABR was among the 45 companies recognised as catalysts of change for corporate giving.

APSN – Delta Senior School

The collaboration between ABR and Delta Senior School began in 2008.

In July 2013, Swensen's collaborated with Delta Senior School to set up an on-campus Swensen's training "café" to train students of the school and better prepare them for work, thereby enhancing their employability. In 2017, ABR continued to render technical support and resources for the training café.

As part of the Work Experience Program ("WEP"), under the Association for Persons with Special Needs ("APSN"), the Group provides Swensen's restaurants as venues for real-life on-the-job training for Delta's students aged 16 and above. Graduates from Delta Senior School are also being employed at Swensen's.

APSN donation boxes are placed at Swensen's outlets since 2015 and this continued in 2017.

In 2017, ABR sponsored $10,000 in support of APSN's fund raising charity dinner.

Metta Employment Pathway Program

Initiated by ABR in 2013, the Metta Employment Pathway Program is a work attachment programme which provides training for Metta School students within a real work venue as they prepare to join the workforce.

Towards the end of 2017, ABR extended its partnership agreement with Metta School for another three years till 2020, to impart vocational skills to the students with special needs.

ABR is also a sponsor for the Metta Charity Golf Tournament 2017.

Community Development Council ("CDC")

ABR has been working with various CDC Career Centres since 2012 to offer job opportunities to the general public who seek help from CDC Career Centres for job placements. This collaboration has been ongoing for the past five years.

Club Rainbow

ABR has been engaged with Club Rainbow since 2005. Beneficiaries of Club Rainbow are children who suffer from terminal conditions.

Annual sponsorship of Club Rainbow's fund raising initiatives include the Ride for Rainbows cycling marathon. Since 2013, ABR has been sponsoring this event and in 2017, the Group sponsored mineral water and ice cream.

Additionally, ABR sponsors Swensen's ice cream birthday cakes to the children of Club Rainbow every month. More than 500 ice cream cakes have been given out each year since 2005.

ABR continued with this good initiative in 2017.

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY CARE ENGAGEMENTS OF ABR

HCA Hospice Care – Star PALS

Similarly, ABR has been sponsoring birthday cakes for the terminally ill members of Star PALS since 2013. In 2017, ABR continued with this good initiative.

Ngee Ann Polytechnic

Since 2012, ABR has been sponsoring annually The ABR Book Prize for the graduating students of the Business & Social Enterprise faculty at Ngee Ann Polytechnic.

Collaboration with Ngee Ann Polytechnic has been extended to 2018.

Institute of Mental Health (Woodbridge Hospital Charity Fund)

Since 2009, ABR has been a keen sponsor and supporter of the various outreach events and fund raising programs organised annually by IMH.

In 2017, ABR was one of the key sponsors for World Mental Health Day, sponsoring $10,000 in cash for the Voice Out concert held in October 2017.

Singapore Corporation of Rehabilitative Enterprises ("SCORE")

ABR has been working with SCORE since 2014 to provide employment opportunities to ex-offenders.

ABR is involved with SCORE's various schemes, including Direct Release and Residential Scheme, as well as participates in SCORE's recruitment interviews held at prisons. We provide professional training and groom these recruits to help them realise their potential. We also provide career options to motivate them. They are given fair opportunities and remuneration similar to that of other employees and promotions are based on performance. More than 30 ex-offenders have benefited from this initiative as part of our efforts to facilitate their integration back to society.

Yellow Ribbon

In 2017, ABR sponsored $10,000 for the Yellow Ribbon Charity Gala Dinner.

Make-A-Wish Foundation

Since 2015, ABR has been a sponsor for The Santa Run for Wishes, a fundraising initiative organised by Make-A-Wish Foundation. The event brings people from all walks of life together to complete a 2km Fun Run or 5km Run.

In 2017, we continued our support for The Santa Run, in which we sponsored ice cream and discount vouchers, as well as sent a team of staff volunteer runners to support the event.

MINDS

Since 2015, Swensen's has been sponsoring ice cream for The Purple Parade, which promotes inclusivity in our society and to celebrate people with special needs. This sponsorship was repeated for The Purple Parade held in October 2017.

In 2017, ABR donated $10,000 to MINDS as part of the "Eat, Win, Love" campaign.

In October 2017, staff volunteers from ABR initiated a donation drive for MINDS.

PAVE

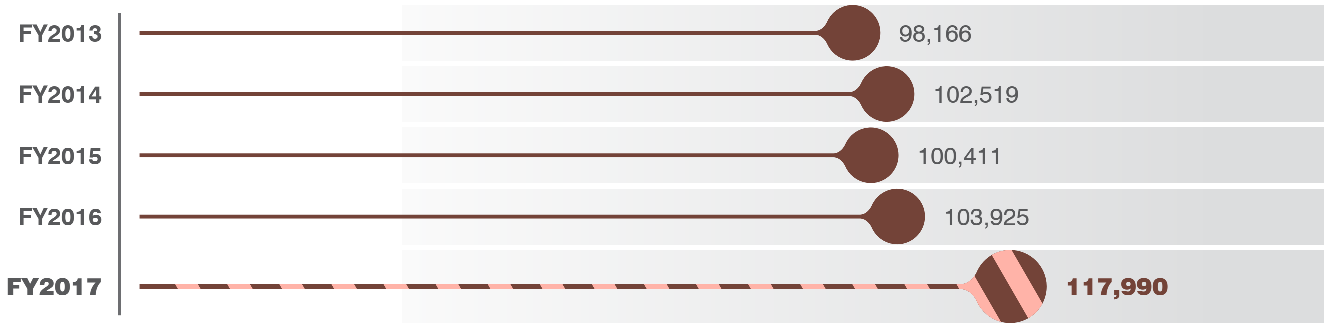
8 February 2017 to 14 February 2017 was Dating Violence Awareness Week 2017 in Singapore. ABR collaborated with PAVE in an outreach effort to promote healthy and respectful relationships. ABR used social media and Swensen's island-wide network of outlets for the distribution of coasters which communicated the key messages, highlighting the importance of healthy relationships and the avenues to seek help for individuals grappling with issues of dating violence.

Community Chest

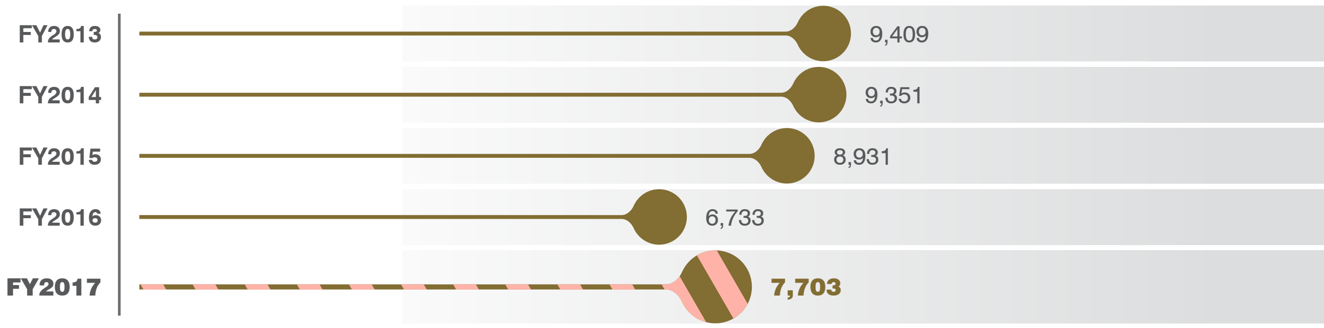
ABR was named an Inclusive Employer at the Community Chest Christmas on A Great Street Light-up Ceremony in November 2017 for its inclusive employment practices. During the event, ABR, along with several other companies, received plaques for working closely with social service organisations to provide vocational training and employment assistance to persons with disabilities.

FINANCIAL HIGHLIGHTS

Revenue
($'000)



Profit Before Tax
($'000)



Shareholders' Equity
($'000)

FINANCIAL HIGHLIGHTS

For the Year ($'000)

	FY2017	FY2016	Change
Revenue	117,990	103,925	13.5%
Profit Before Tax	7,703	6,733	14.4%
Profit for the Year	6,752	5,611	20.3%
Profit Attributable to Owners of the Company	6,228	5,410	15.1%

At Year End ($'000)

	FY2017	FY2016	Change
Total Assets	128,480	117,065	9.8%
Equity Attributable to Owners of the Company	98,490	99,544	(1.1%)
Total Equity	101,453	100,035	1.4%
Total Liabilities	27,027	17,030	58.7%
Fixed Deposits, Cash and Bank Balances	56,611	81,777	(30.8%)

Earnings per share

FY2017	FY2016
Basic: 3.10 cents	Basic: 2.69 cents
Diluted: 3.10 cents	Diluted: 2.69 cents

Dividend per share

FY2017	FY2016
Interim: 1.0 cent	Interim: 1.0 cent
Final: 1.5 cents	Final: 1.5 cents

Net Asset Value per share

FY2017	FY2016
49.0 cents	49.5 cents

BOARD OF DIRECTORS

From left to right:

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

BOARD OF DIRECTORS

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 24 April 2017.

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 some 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 24 April 2017.

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.

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 the Company 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.

LEE SIANG CHOO
CEO
Executive Director
Chilli Padi Group

Ms Lee Siang Choo is responsible for the overall management and operation of the Chilli Padi Group. Ms Lee also oversees quality control, procurement and menu creation and innovation for the Chilli Padi Group. With her love for the intricacies of Peranakan culture and passion for cooking, she established the first Chilli Padi eatery in 1997. Since then, she has grown and expanded the business to food catering, confinement food delivery and cafeteria operations.

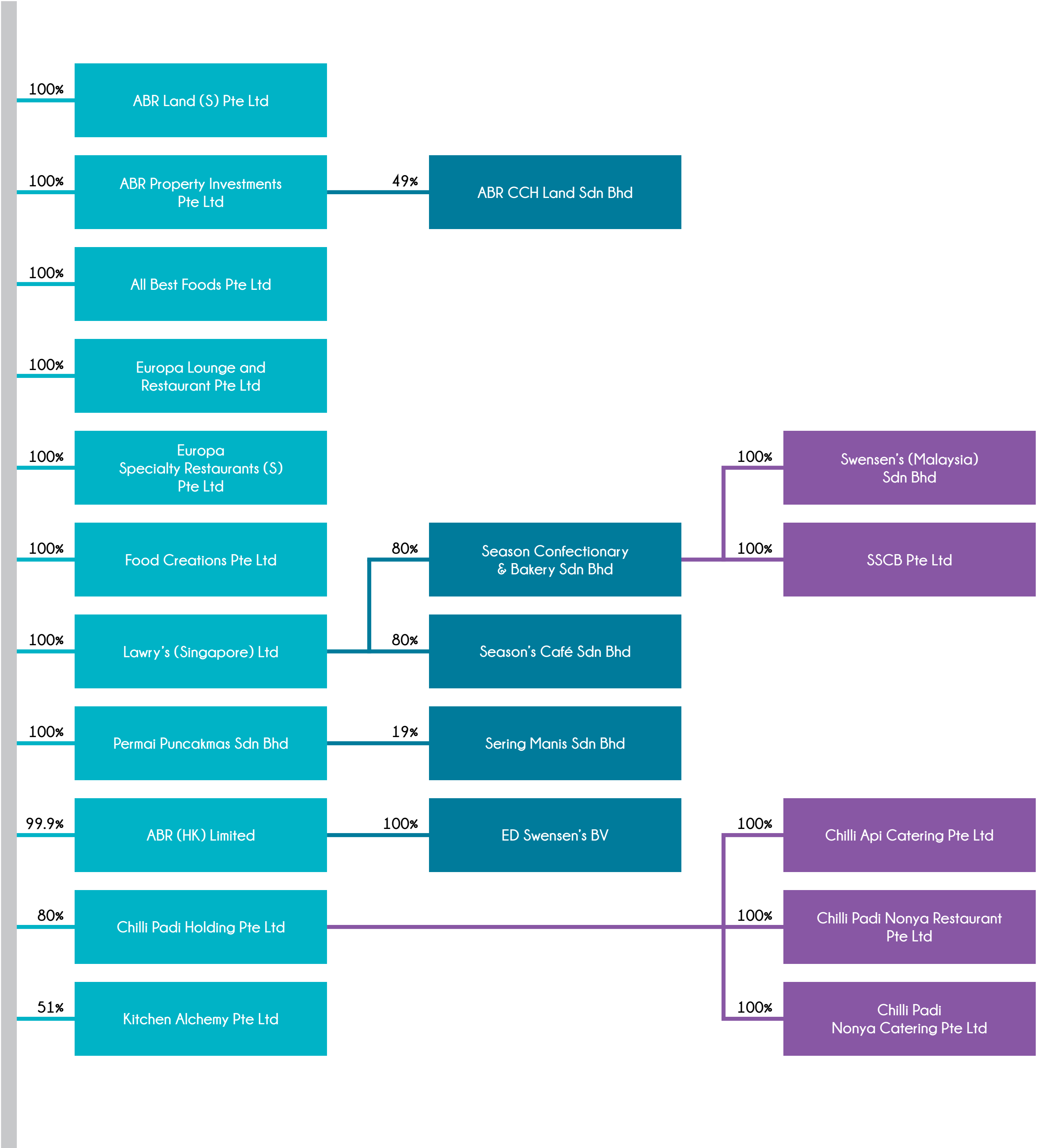
LEE BOON HWA
Executive Director
Chilli Padi Group

Mr Lee Boon Hwa is responsible for strategic planning and business development of the Chilli Padi Group. He has been instrumental in identifying potential business opportunities and expanding the business in Singapore.

Mr Lee joined the Chilli Padi Group in 2000.

Mr Lee received his Bachelor's Degree in Computer Science from National University of Singapore in 1992.

GROUP STRUCTURE



Note: Group Structure as at 31 December 2017 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. Where there are deviations from the Code, appropriate explanations are provided.

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 recognise that their perceptions affect the Company’s reputation.

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgment in ensuring that their decisions are objective and in the best interests of the Company.

During the year in review, the Board scheduled eight 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	8	8	NA	NA	NA	NA	1	1
Ang Yee Lim	8	8	NA	NA	NA	NA	NA	NA
Ang Lian Seng	8	8	NA	NA	1	1	NA	NA
Leck Kim Seng	8	8	NA	NA	NA	NA	NA	NA
Allan Chua Tiang Kwang	8	7	5	5	NA	NA	NA	NA
Quek Mong Hua	8	8	5	5	1	1	1	1
Lim Jen Howe	8	8	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. Upon appointment of each Director, the Company will provide a letter to the Director setting out the director's duties and obligations.

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 received updates on regulatory changes, industry developments, business initiatives and changes to the accounting standards.

All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in training courses, seminars and workshops as relevant and/or applicable.

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, or half the Board as the Executive Chairman is part of the management team and is not an independent director. 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.

Each of the Independent Directors has confirmed that he does not have any relationship with the Company or its related corporations, its shareholders who have an interest of at least 10% of the Company's total voting shares, or its officers, including confirming not having any relationships and circumstances set out in Guideline 2.3 of the Code, that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgment in carrying out the functions as an Independent Director with a view to the best interests of the Group. Each of the Independent Directors has also confirmed his independence in accordance with the Code. The NC and the Board has reviewed, determined and affirmed that Mr Lim Jen Howe and Mr Quek Mong Hua are independent and free from any relationship outlined in the Code.

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 judgment in the discharge of their responsibilities as directors of the Company. This view is reinforced by the track record of independence as demonstrated during their tenure. 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, 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.

The NC, with the concurrence of the Board, is of the opinion that the current Board size and composition comprises an appropriate balance and diversity of skills, experience and knowledge of the Company, which provides broad diversity of expertise such as finance, accounting, legal, business management, industry knowledge and strategic planning experience, and is appropriate and effective to ensure the balance of power and authority to facilitate effective decision making, having taken into consideration the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and the Board committees. 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.

REPORT ON CORPORATE GOVERNANCE

The Non-Executive Directors constructively review and assist 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.

The Independent and Non-Executive Directors communicate without the presence of the Management as and when the need arises. The Company also benefits from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of meetings of the Board and Board committees.

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 Executive 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.

Mr Ang Yee Lim, who is the Managing Director of the Company, assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the Management team; and leads the development of the Group's strategic direction including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses. The Executive Chairman and Managing Director are accountable to the Board and they assume responsibilities for the Group's overall direction and running the day-to-day business of the Group with clear division of responsibilities agreed by the Board.

The Executive Chairman, the Managing Director and the two other 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. Thereafter, the Independent Non-Executive Directors will provide feedback to the Executive Chairman after such meetings.

At annual general meetings ("AGMs") and other general meetings, the Executive Chairman ensures constructive dialogue between the Board, management and shareholders, and maintains good standards of corporate governance.

Principle 4 – Board membership

Nominating Committee

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)

REPORT ON CORPORATE GOVERNANCE

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.

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.

The NC has in place a process for the selection of new Directors and re-appointment of Directors as follows:

* the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
* if required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Boards;
* the NC meets with short-listed candidates to assess their suitability and ensure that the candidates are aware of the expectations; and
* the NC makes recommendations to the Board for approval.

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 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 Ang Lian Seng
- Mr Allan Chua Tiang Kwang

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 the Managing Director is not subject to retirement by rotation while he continues to hold that office.

The NC has considered and taken the view that it would not, at this time, be appropriate to set a limit on the number of listed directorships that a Director may hold because directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities. Accordingly, each Director will personally determine the demands of his competing directorships and obligations and assess the number of listed directorships he can hold and serve effectively. The NC considers that the multiple board representations held presently by the Directors do not impede their respective performance in carrying out their duties to the Company.

REPORT ON CORPORATE GOVERNANCE

The NC is satisfied that sufficient time and attention are being devoted by the Directors to the affairs of the Company and the Group during FY2017. The NC will continue to review from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

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.

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 as a whole, and the contributions by the Executive Chairman and each individual Director to 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 Company Secretary's office administers, attends and prepares minutes of Board meetings, and assists the Executive 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.

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 commensurates with the responsibilities and risks involved in being an effective Executive Director.

REPORT ON CORPORATE GOVERNANCE

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, a Board member and Executive Director, also abstains from all discussions, deliberations and decision of his own remuneration.

The RC will meet at least once a year. The RC carries out its duties in accordance with a set of terms of reference which includes the following:

* recommend to the Board a framework of remuneration for the Directors and key management personnel;
* determine specific remuneration packages for each Executive Director as well as for the key management personnel;
* review annually the remuneration of employees related to the Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
* review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
* oversee the administration of the employees' share option scheme and such other similar share plans as may be implemented by the Company from time to time; and
* other acts as may be required by the Singapore Exchange Securities Trading Limited and the Code from time to time.

The RC is responsible for ensuring a formal and transparent procedure is in place for fixing the remuneration packages of Executive Directors and key management personnel. All aspects of remuneration, including but not limited to, Directors' fees, salaries, bonuses and allowances are reviewed by the RC. The annual variable bonus and performance-related component of Executive Directors' remuneration takes into account the Group's financial performance.

The RC considers and reviews the disclosure of Directors' remuneration in the annual report. The RC also ensures that the Independent Directors are fairly compensated so that their independence will not 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 Board concurred with the RC's proposal for Non-Executive Directors' fees for FY2017. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors.

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

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

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 7 key management personnel, who are not Directors of the Company, for FY2017, 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 7 key management personnel has been disclosed in the respective bands. The remuneration for the Executive Directors and the top 7 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 Board, with the concurrence of the RC, is of the opinion that the remuneration of the Independent Directors is appropriate to the level of contribution, taking into consideration the effort and time spent and responsibilities, the prevailing market conditions and referencing Directors' fees against comparable benchmarks, such that Independent Directors are not over-compensated to the extent that their independence may be compromised.

The breakdown (in percentage terms) of each Director and the top 7 key management personnel's remuneration for FY2017, 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					
Lee Siang Choo *	100	–	–	–	100
Lee Boon Hwa *	100	–	–	–	100
Ng Soo Noi	83	17	–	–	100
Leck Kim Song **	70	24	–	6	100
Ng Cheng Wee	80	16	–	4	100
Liew Hock Meng	81	16	–	3	100
Khoo Boo Yeow Andrew ***	88	8	–	4	100

* *Remuneration for the period from 1 June 2017 to 31 December 2017*
** *Mr Leck Kim Song is the brother of the 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.*
*** *Mr Khoo Boo Yeow Andrew resigned as Chief Operating Officer of Swensen's and Director of Group Business Development with effect from 1 January 2018.*

In aggregate, the total remuneration paid to the top 7 key management personnel in FY2017 is $1,256,000.

Employees who are the immediate family members of the Directors with remuneration exceeding $50,000 during FY2017 are as follows:

Executives	Salary[1] %	Bonus[1] %	Fees %	Allowances and other benefits %	Total %
From $150,001 to $200,000					
Leck Kim Song	70	24	–	6	100
From $100,000 to $150,000					
Ang Lian Tiong	84	15	–	1	100
Ang Pheck Choo	83	14	–	3	100

Mr Leck Kim Song is the brother of the 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. 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.

Notes:
1 *The salary and bonus percentages shown are inclusive of CPF.*
2 *Fees for FY2017 are subject to shareholders' approval at the forthcoming 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 the shareholders have a balanced and understandable assessment of the Group's performance.

In discharging its responsibility of providing accurate relevant information on a timely basis to shareholders in compliance with statutory and regulatory requirements, the Board provides timely release of the Group's financial results, which discloses a balanced and understandable assessment of the Group's performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Rules, where appropriate.

On a monthly basis, the Management will update the Board on the Group's financial performance of each business unit. Such reports compared the Group's actual performance against the budget and results of the previous year. The Group's financial performance will also be discussed during the board meetings on a quarterly basis. They also highlight key business indicators and major issues that are relevant to the Group's performance from time to time, in order for the Board to make balanced and informed assessments of the Group's performance, position and prospects.

REPORT ON CORPORATE GOVERNANCE

Principle 11 – Risk management and internal controls

The Board is responsible for the governance of risk. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard the Company's shareholders' interests and the Group's assets and to determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

The Group has carried out an enterprise risk assessment study to identify key risks within the business 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 exposure to the Group. The effectiveness of the controls is assessed regularly through the Group's ongoing internal audit programme as well as the annual Control Self-Assessment ("CSA") programme. The CSA is established to assist Management and the Board in obtaining assurance on the adequacy and effectiveness of the system of internal controls. On a yearly basis, the respective department and business unit heads are required to review, assess and report on the adequacy and effectiveness of key mitigating internal controls under their responsibilities.

The internal auditors ("IA") has 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 IA during its course of audit. Its 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.

Based on the internal controls established and maintained by the Group, work performed by the IA and external auditor 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 adequate and effective.

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

- the financial records have been properly maintained and the financial statements for FY2017 give a true and fair view of the Company's operations and finances; and
- the Company'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:

- reviewed the scope of work of the external auditor;
- reviewed the scope of work of the IA;
- reviewed the audit plans and discussed the results of the findings and evaluation of the Group's system of internal controls;
- reviewed interested party transactions of the Group and the procedures set up to monitor and report on such transactions;
- met with the Company's external auditor and IA without the presence of Management once;
- reviewed the independence of external auditor;
- 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;
- reviewed the Company's procedures for detecting fraud and whistle-blowing matters; and
- 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 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 $158,000 for audit services and $71,000 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.

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 Virtus Assure Pte Ltd. In performing the internal audits effectively, the team comprises certified Internal Auditors with The Institute of Internal Auditors Inc, thereby ensuring that the internal audit function is adequately resourced and has the appropriate standing.

The IA reports 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;
- appraise Management and report to the AC concerning the adequacy and effectiveness of the system of internal controls 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.

REPORT ON CORPORATE GOVERNANCE

Annual internal audit plan is submitted to the AC for approval prior to the commencement of the audit work and the IA plans its internal audit schedules in consultation with the Management.

The IA carries out its function in accordance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors Inc. The AC ensures that the Management provides good support to the IA and provides it with access to documents, records, properties and personnel when requested in order for the IA to carry out its function accordingly. The IA also has unrestricted access to the AC on internal audit matters. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal controls and recommendations for improvements are reported to the AC. The AC will review the adequacy and effectiveness of the internal audit function annually.

During the year, the IA completed internal audits of the Swensen's and Tip Top retail operations in Singapore; Swensen's production function in Singapore and corporate services of the Malaysian operations. The IA also carried out an internal control review of the newly acquired Chilli Padi Group's operations.

Based on the review of IA, the AC believes that the IA has adequate resources to perform its function effectively and objectively and to meet the needs of the Group in its current business environment.

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 recognises the importance of maintaining transparency and accountability to its shareholders. In line with the continuing disclosure obligations of the Company pursuant to the Listing Rules and the Companies Act, Cap. 50 of Singapore, the Group is committed to providing shareholders with adequate, timely and relevant information pertaining to the Group's business developments, financial performance and other factors which could have a material impact on the Company's share price. The Company communicates with shareholders and the investing community through the timely release of announcements via SGXNET. In addition, the Annual Report 2017 is distributed to shareholders at least 14 days before the AGM to be held on 27 April 2018. 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.

While safeguarding its commercial interests, the Company discloses price sensitive information on an immediate basis where required under the Listing Rules. Material information on the Group is released to the public through the Company's announcements via the SGXNET.

The Company attends to the queries of the shareholders promptly. All shareholders 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 AGM. The Group believes in effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns. The Company's Constitution allows all shareholders 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. The Company's Constitution does not allow a shareholder to vote in absentia such as via mail, electronic mail or facsimile. All Directors including the Chairman of the Board and the respective Chairman of the Board committees and the external auditor are intended to be in attendance at the forthcoming AGM to address any queries of the shareholders.

Shareholders are also informed of the rules and voting procedures governing general meeting during the AGM.

REPORT ON CORPORATE GOVERNANCE

In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- The level of the Group's cash and retained earnings.
- The Group's actual and projected financial performance.
- The Group's projected levels of capital expenditure and other investment plans.
- The Group's working capital requirements and general financing condition.

Any payouts of dividend are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results. The Company has proposed a one-tier tax exempt final dividend of 1.50 Singapore cents per ordinary share in respect of FY2017, subject to shareholders' approval at the forthcoming AGM.

The members of the AC, NC and RC were present together with the external auditor at the last AGM held on 24 April 2017 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. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notice is also released via SGXNET and published in local newspapers.

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 will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

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 FY2017, 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 relevant 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 2017.

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 52 to 117 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group and 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' 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 Act, except as follows:

	Number of ordinary shares					
	Direct interest			Deemed interest		
Name of directors	**At 1.1.2017**	**At 31.12.2017**	**At 21.1.2018**	**At 1.1.2017**	**At 31.12.2017**	**At 21.1.2018**
The Company						
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	96,004,901	99,977,001	99,977,001	–	–	–
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

DIRECTORS' STATEMENT

Directors' interest in shares or debentures (cont'd)

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 2017, 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 1.1.2017	**At 31.12.2017**
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
Chilli Padi Holding Pte Ltd	–	2,768,848

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.

Share options

No options to take up unissued shares of the Company or its subsidiary corporations were granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

DIRECTORS' STATEMENT

Audit Committee

The Audit Committee comprises three members, two of whom are independent directors. The members of the Audit Committee during the year and at the date of this statement 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 Act 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 2017 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 is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

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 2018

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 52 to 117, which comprise the statements of financial position of the Group and of the Company as at 31 December 2017, 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 2017 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.

Acquisition of Chilli Padi Group - Purchase Price Allocation

Description of key audit matter:

In July 2017, the Group completed the acquisition of 80% interest in Chilli Padi Holding Pte Ltd and its subsidiaries ("Chilli Padi group"). FRS 103 Business Combinations requires the Group to recognise the identifiable assets (including identifiable intangible assets), liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the purchase price over the identified fair values recognised as goodwill. The Group engaged an external professional valuer to perform the purchase price allocation exercise, fair valuation of acquired assets and liabilities and the identification and valuation of intangible assets. The Group's disclosure of the business combination accounting for the acquisition of the Chilli Padi group is disclosed in Note 14 to the financial statements.

As disclosed in Note 3, the identification of such assets and liabilities and their measurement at fair value and the determination of the resulting goodwill is inherently judgemental and require significant amount of management estimation. Thus, we considered this area to be a key audit matter.

Our audit procedures and response:

We have obtained the purchase price allocation and valuation prepared by the Group's external professional valuer ("valuer"). Together with our internal valuation team, we:

- assessed the competence, capabilities and objectivity of the valuer;
- obtained an understanding of the work of the valuer, and assessed the methodology applied by the valuer;
- assessed the relevance and reasonableness of the key assumptions used such as forecast cash flows and discount rate applied;
- evaluated the valuer's identification and valuation of the intangible assets acquired; and
- evaluated the appropriateness of the valuer's findings and conclusions as audit evidence.

We have also assessed the adequacy of the disclosures of the business combination as made in the financial statements.

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

Key Audit Matters (cont'd)

Impairment assessment of goodwill and indefinite life intangible assets

Description of key audit matter:

Management performs an annual impairment assessment of goodwill and intangible assets with indefinite life. Valuation model based on discounted cash flow analysis of the cash-generating unit ("CGU") is used by management to determine the value in use for the purposes of the impairment assessment.

At 31 December 2017, the carrying values of goodwill and indefinite life intangible assets totalled $13,684,000 on the Group's consolidated statement of financial position. We consider this area to be a key audit matter because of the significance of these assets and the element of judgement and estimates applied by management in forecasting and discounting future cash flows for the impairment assessment as disclosed in Note 3 to the financial statements. Details of the impairment assessment of goodwill and intangible assets are disclosed in Note 13 to the financial statements.

Our audit procedures and response:

We have obtained the value in use assessment prepared by management and assessed the reasonableness of key inputs and assumptions applied by management with a focus on forecast revenue and appropriateness of discount rate and growth rate. We cross-checked and compared management's cash flow forecast to current and past years' financial performance of the CGU. We have also considered the sensitivity of key estimates on the impairment assessment. We have reviewed the Group's disclosures of the application of judgement and key assumptions applied in estimating the CGU's cash flows and the adequacy of the disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2017 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.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of ABR Holdings Limited

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 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2017

		Group	
	Note	2017 $'000	2016 $'000
Revenue	4	**117,990**	103,925
Cost of sales		**(66,285)**	(57,816)
Gross profit		**51,705**	46,109
Other income	5	**1,962**	2,590
Expenses			
Selling, distribution and outlet expenses		**(30,752)**	(28,080)
Administrative expenses		**(14,752)**	(12,758)
Other expenses		**(125)**	(1,116)
Finance costs	6	**(35)**	(6)
Share of results of equity-accounted investees, net of tax		**(300)**	(6)
Profit before tax	7	**7,703**	6,733
Income tax expense	9	**(951)**	(1,122)
Profit for the year		**6,752**	5,611
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences arising on consolidation		**(334)**	234
Other comprehensive (loss)/income for the year, net of tax		**(334)**	234
Total comprehensive income for the year		**6,418**	5,845
Profit attributable to:			
Owners of the Company		**6,228**	5,410
Non-controlling interests		**524**	201
Profit for the year		**6,752**	5,611
Total comprehensive income attributable to:			
Owners of the Company		**5,871**	5,664
Non-controlling interests		**547**	181
Total comprehensive income for the year		**6,418**	5,845
Earnings per share for the year attributable to owners of the Company			
Basic (cents)	10	**3.10**	2.69
Diluted (cents)	10	**3.10**	2.69

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

STATEMENTS OF FINANCIAL POSITION
At 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**24,924**	22,113	**9,203**	10,176
Investment properties	12	**3,168**	3,350	**1,001**	1,038
Intangible assets	13	**16,878**	278	**–**	73
Investments in subsidiaries	14	**–**	–	**39,144**	12,256
Investments in equity-accounted investees	15	**68**	–	**–**	–
Held-to-maturity financial assets	16	**–**	–	**–**	–
Available-for-sale financial assets	17	**35**	35	**35**	35
Loans to subsidiaries	18	**–**	–	**10,459**	6,239
Loans to equity-accounted investees	19	**9,157**	–	**–**	–
Other asset	20	**381**	–	**381**	–
Total non-current assets		**54,611**	25,776	**60,223**	29,817
Current assets					
Inventories	21	**2,727**	2,405	**1,607**	1,422
Trade and other receivables	22	**14,531**	7,107	**6,557**	6,523
Fixed deposits	23	**31,212**	60,603	**27,962**	56,437
Cash and bank balances	23	**25,399**	21,174	**6,813**	5,728
Total current assets		**73,869**	91,289	**42,939**	70,110
Total assets		**128,480**	117,065	**103,162**	99,927
EQUITY AND LIABILITIES					
Equity					
Share capital	24	**43,299**	43,299	**43,299**	43,299
Other reserves	25	**(2,211)**	(82)	**–**	–
Accumulated profits		**57,402**	56,327	**45,003**	44,276
Equity attributable to owners of the Company		**98,490**	99,544	**88,302**	87,575
Non-controlling interests		**2,963**	491	**–**	–
Total equity		**101,453**	100,035	**88,302**	87,575
Non-current liabilities					
Deferred tax liabilities	26	**2,982**	1,353	**340**	510
Provision	28	**1,142**	–	**825**	–
Other liabilities	30	**4,995**	–	**3,095**	–
Total non-current liabilities		**9,119**	1,353	**4,260**	510
Current liabilities					
Trade and other payables	27	**15,191**	12,334	**9,249**	9,275
Provisions	28	**1,293**	1,944	**858**	1,702
Borrowings	29	**142**	176	**–**	–
Tax payable		**1,282**	1,223	**493**	865
Total current liabilities		**17,908**	15,677	**10,600**	11,842
Total liabilities		**27,027**	17,030	**14,860**	12,352
Total equity and liabilities		**128,480**	117,065	**103,162**	99,927

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2017

	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 1.1.2017	100,035	99,544	43,299	(82)	56,327	491
Profit for the year	6,752	6,228	–	–	6,228	524
Other comprehensive (loss)/income						
Currency translation differences	(334)	(357)	–	(357)	–	23
Other comprehensive (loss)/income for the year, net of tax	(334)	(357)	–	(357)	–	23
Total comprehensive income/(loss) for the year	6,418	5,871	–	(357)	6,228	547
Distributions to owners						
Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2016	(3,015)	(3,015)	–	–	(3,015)	–
Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2017	(2,010)	(2,010)	–	–	(2,010)	–
Capitalisation of accumulated profits	–	–	–	128	(128)	–
Total distributions to owners of the Company	(5,025)	(5,025)	–	128	(5,153)	–
Changes in ownership interest in subsidiary						
Acquisition of a subsidiary	25	(1,900)	–	(1,900)	–	1,925
Balance at 31.12.2017	**101,453**	**98,490**	**43,299**	**(2,211)**	**57,402**	**2,963**

* An analysis of "Other reserves" is presented in Note 25.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2017

	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 of the Company	(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 25.

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

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2017

	Total equity $'000	Share capital $'000	Accumulated profits $'000
Company			
Balance at 1.1.2017	87,575	43,299	44,276
Net profit and total comprehensive income for the year	5,752	–	5,752
Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2016	(3,015)	–	(3,015)
Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2017	(2,010)	–	(2,010)
	(5,025)	–	(5,025)
Balance at 31.12.2017	**88,302**	**43,299**	**45,003**
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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit before tax		**7,703**	6,733
Adjustments for:			
Depreciation and amortisation		**4,345**	3,384
(Gain)/loss on disposal of property, plant and equipment, net		**(7)**	5
Property, plant and equipment written off		**110**	596
Reversal of value in investment in an associated company		**–**	(6)
Deemed finance costs		**29**	–
Share of results of equity-accounted investees		**300**	6
Interest expense		**6**	6
Interest income		**(555)**	(771)
Operating cash flows before movements in working capital		**11,931**	9,953
Changes in working capital:			
Inventories		**(322)**	(31)
Trade and other receivables		**(1,754)**	(119)
Trade and other payables		**(605)**	567
Provisions		**179**	42
Currency translation differences		**203**	166
Cash from operations		**9,632**	10,578
Income tax paid		**(1,078)**	(1,202)
Net cash generated from operating activities		**8,554**	9,376
Cash flows from investing activities			
Interest received		**555**	771
Purchase of property, plant and equipment	11	**(4,527)**	(5,839)
Proceeds from disposal of property, plant and equipment		**32**	17
Addition of intangible assets		**–**	(23)
Acquisition of a subsidiary, net of cash acquired	14(iii)	**(10,534)**	–
Deposit for new project	22	**(4,050)**	–
Investment in equity-accounted investees		**(365)**	–
Loans to equity-accounted investees		**(9,157)**	–
Net cash used in investing activities		**(28,046)**	(5,074)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from financing activities			
Interest expense paid		**(6)**	(6)
(Repayment of)/proceeds from borrowings		**(34)**	176
Funds placed in non-liquid deposits		**(9)**	(3)
Dividends paid to shareholders		**(5,025)**	(5,025)
Dividends paid to non-controlling interests		**–**	(7)
Net cash used in financing activities		**(5,074)**	(4,865)
Net decrease in cash and cash equivalents		**(24,566)**	(563)
Cash and cash equivalents at beginning of financial year		**81,664**	82,110
Effect of exchange rate fluctuations on cash and cash equivalents		**(611)**	117
Cash and cash equivalents at end of financial year		**56,487**	81,664
Cash and cash equivalents comprise:			
Fixed deposits		**31,212**	60,603
Cash and bank balances		**25,399**	21,174
		56,611	81,777
Less: Funds placed in non-liquid deposits	23	**(124)**	(113)
		56,487	81,664

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

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. The address of 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 to the financial statements.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are expressed in Singapore dollar ("$"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRSs"). 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 FRSs 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.

Use of estimates and judgements

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.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

New and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") 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 FRSs and INT FRSs. The adoption of these new/revised FRSs and INT FRSs did not have any material effect on the financial results or financial position of the Group and the Company.

At the end of the reporting period, the following FRSs and INT FRSs 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: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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
Amendments to FRS 109: Prepayment Features with Negative Compensation
Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures
Improvements to FRSs (December 2016)
INT FRS 122: Foreign Currency Transactions and Advance Consideration
INT FRS 123: Uncertainty over Income Tax Treatments

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:

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced that Singapore incorporated companies listed on the Singapore Exchange ("SGX") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS Convergence), known as Singapore Financial Reporting Standards (International) ("SFRS(I)"), with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I) issued by ASC. These financial statements will be the last set of financial statements prepared under the current FRS in Singapore.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). In addition to the adoption of the new framework, the Group will be adopting other new SFRS(I), amendments to standards and interpretations of SFRS(I) which are effective from the same date.

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have significant impact on the financial statements.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces IAS 18 'Revenue', IAS 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. SFRS(I) 15 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 SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, 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. SFRS(I) 15 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.

The Group plans to adopt SFRS(I) 15 in its financial statements for the financial year ending 31 December 2018 using the full retrospective approach. As a result, the Group will apply the changes in accounting policies retrospectively to each reporting year presented.

Management has performed a preliminary impact assessment of applying the new standard on the Group's financial statements and does not expect the impact from the initial adoption of SFRS(I) 15 to be material.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 which replaces IAS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace IAS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 at the date of initial application in the opening retained earnings and reserves as at 1 January 2018.

(i) Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9:

- Loans and receivables that are currently accounted for at amortised cost are expected to continue to be measured at amortised cost.
- Unquoted equity securities currently classified as AFS but which is measured at cost under SFRS(I) 9 will be measured at fair value under SFRS(I) 9.

(ii) Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables.

The Group will adopt SFRS(I) 9 when it becomes effective in financial year ending 31 December 2018. The Group does not expect the impact from the initial adoption of SFRS(I) 9 to have a material impact on its financial statements.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 16

SFRS(I) 16 replaces the existing IAS 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. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. 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 $39,429,000 (Note 33(a)). The Group anticipates that the adoption of SFRS(I) 16 in the future may potentially have a material impact on the amounts reported and disclosures made in the financial statements. It is not practicable to provide a reasonable estimate of the impact of SFRS(I) 16 until the Group performs a detailed assessment. The Group is in the process of performing a detailed assessment of the impact and plans to adopt the standard on the required effective date.

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.

(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 Summary of significant accounting policies (cont'd)

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.

Contingent consideration transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration (other than measurement period adjustment) are recognised in profit or loss.

Non-controlling interests ("NCI") 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.

2 Summary of significant accounting policies (cont'd)

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.

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 associate or joint venture 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 embodied 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

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 Summary of significant accounting policies (cont'd)

2.6 Investment properties

Investment properties comprise buildings that are held to earn rental income and/or for capital appreciation. Investment properties comprise completed investment properties.

Investment properties are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amount over the estimated useful life of 40 to 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of the reporting period. The effects of any revision are included in profit or loss when the changes arise.

Cost includes expenditure that are directly attributable to the acquisition of the investment property.

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.

On the disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

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. The Group's intangible assets with indefinite useful lives are trademarks and knowhow.

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.

2 Summary of significant accounting policies (cont'd)

2.7 Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

The estimated useful lives are as follows:

- Customer relationship 10 years
- Customer contracts 2.5 years
- Favourable leases 2 years
- Franchise rights/licence 3 to 20 years
- Trademark of Tip Top 2.75 years

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.

2.9 Associated companies and joint ventures

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.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associated companies and joint ventures ("equity-accounted investees") are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in equity-accounted investees 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 consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Distributions received from equity-accounted investees are adjusted against the carrying amount of the investment. When the Group's share of losses in an equity-accounted investee equals or exceeds its interest in the equity-accounted investee, 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 equity-accounted investee.

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 equity-accounted investee 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.

In the Company's financial statements, investments in equity-accounted investee are carried at cost less accumulated impairment loss. On disposal of investment in equity-accounted investees, 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 2017

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

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, available-for-sale financial assets and financial assets at fair value through profit or loss.

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, loans to equity-accounted investees, trade and other receivables (excluding prepayments), fixed deposits and cash and bank balances on the statement of financial position, except for non-current interest-free receivable from a subsidiary which have been considered to be part of the Company's net investment in the subsidiary and accounted for in accordance with Note 2.8.

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.

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.

2 Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

Classification (cont'd)

Financial assets, at fair value through profit or loss

This category has two sub-categories: "financial assets held for trading", and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

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.

Initial measurement

Financial assets (other then financial assets at fair value through profit or loss) are initially recognised at fair value plus transaction costs.

Subsequent measurement

Financial assets, available-for-sale and fair value through profit or loss 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.

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

Impairment

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

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.

2 Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

Impairment (cont'd)

Loans and receivables (cont'd)

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.

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.

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.

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 on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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 statements 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, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

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.

2 Summary of significant accounting policies (cont'd)

2.18 Leases

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.

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 and interests in joint arrangements, 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.

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.

2 Summary of significant accounting policies (cont'd)

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. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

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.

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

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.

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 currencies

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.

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.

2 Summary of significant accounting policies (cont'd)

2.22 Foreign currencies (cont'd)

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 currency translation reserve within equity.

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 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 Group's 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.

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.

Purchase price allocation

As disclosed in Note 14 to the financial statements, the Group acquired 80% interest in Chilli Padi Holding Pte Ltd and its subsidiaries ("Chilli Padi group") during the financial year. The Group recognised the identifiable assets (including identifiable intangible assets) and liabilities of the Chilli Padi group at their fair values at the date of acquisition, with the excess of the purchase price over the identified fair values recognised as goodwill. The Group engaged an external professional valuer to perform the purchase price allocation exercise, fair valuation of acquired assets and liabilities and the identification and valuation of intangible assets. The identification of such assets and liabilities and their measurement at fair value and the determination of the resulting goodwill is inherently judgemental and require significant amount of management estimation. The fair values of the identifiable assets and liabilities of the Chilli Padi group and the resulting goodwill are disclosed in Notes 13 and 14 to the financial statements.

Impairment assessment of goodwill and intangible assets with indefinite useful life

Management performs an annual impairment assessment of goodwill and intangible assets with indefinite life. Valuation model based on discounted cash flow analysis of the cash-generating unit ("CGU") is used by management to determine the value in use for the purposes of the impairment assessment.

Forecasting and discounting future cash flows for the impairment assessment involves an element of judgement and requires management to make certain assumptions and apply estimates. Details of the impairment assessment and the carrying values of the Group's goodwill and intangible assets at the end of the reporting period are disclosed in Note 13 to the financial statements. Any changes in the assumptions made and discount applied could affect the impairment assessment.

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 22 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 2017

4 Revenue

	Group	
	2017	**2016**
	$'000	**$'000**
Sales and service charges	**117,667**	103,577
Royalty income	**323**	348
	117,990	103,925

5 Other income

	Group	
	2017	**2016**
	$'000	**$'000**
Rental income	**283**	341
Interest income	**555**	771
Other income	**171**	142
Special Employment Credit and Wage Credit Scheme	**721**	1,336
Management fee income	**162**	–
Foreign exchange gain	**70**	–
	1,962	2,590

6 Finance costs

	Group	
	2017	**2016**
	$'000	**$'000**
Deemed finance costs	**29**	–
Banker's acceptance interests	**6**	6
	35	6

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

7 Profit before tax

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

	Note	Group 2017 $'000	Group 2016 $'000
Audit fees payable to:			
– auditor of the Company		**158**	131
– other auditors*		**30**	29
Fees for non-audit services payable to:			
– auditor of the Company		**71**	23
Amortisation of intangible assets	13	**353**	86
Cost of inventories included in cost of sales		**32,317**	26,858
Depreciation of property, plant and equipment	11	**3,810**	3,140
Depreciation of investment properties	12	**182**	158
Remuneration of the directors of the Company:	8		
– salaries, fees and benefits-in-kind		**1,435**	1,385
– contribution to defined contribution plans		**43**	44
Remuneration of the directors of the subsidiaries:			
– salaries, fees and benefits-in-kind		**277**	–
– contribution to defined contribution plans		**23**	–
Remuneration of key management personnel (non-directors):			
– salaries and related costs		**1,218**	1,232
– contribution to defined contribution plans		**108**	115
Remuneration of staff:			
– salaries and related costs		**34,272**	30,884
– contribution to defined contribution plans		**2,692**	2,538
Reversal of value in investment in equity-accounted investee	15 (a)	**–**	(6)
(Gain)/loss on disposal of property, plant and equipment, net		**(7)**	5
Allowances for doubtful non-trade receivables	19	**3**	3
Rental expenses - operating leases**		**19,978**	18,408
Write-offs:			
– property, plant and equipment		**110**	596
– inventories		**23**	15
Write-back of allowance for doubtful non-trade receivables	19	**(3)**	–
Net foreign exchange losses		**–**	69
Allowance for inventories obsolescence, net		**–**	8
Expenses paid to related parties***		**–**	14

* Include independent member firms of the Baker Tilly International network.
** Included in rental expenses are contingent rents of $3,858,000 (2016: $4,301,000).
*** Transactions with related parties are on terms agreed between the parties concerned.

8 Remuneration bands of directors of the Company

Number of directors of the Company in remuneration bands:

	Group 2017	Group 2016
$250,000 to below $500,000	**3**	3
Below $250,000	**4**	4
	7	7

9 Income tax expense

	Group 2017 $'000	Group 2016 $'000
Tax expense attributable to profits is made up of:		
Current income tax provision	**1,105**	1,189
Deferred tax (Note 26)	**(11)**	59
	1,094	1,248
Over provision in respect of previous financial years		
– current income tax	**(68)**	(96)
– deferred tax (Note 26)	**(75)**	(30)
	951	1,122

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 2017 $'000	Group 2016 $'000
Profit before tax	**7,703**	6,733
Tax calculated at a tax rate of 17%	**1,309**	1,145
Effect of different tax rates in other countries	**50**	94
Statutory stepped income exemption	**(76)**	(65)
Income not subject to tax	**(427)**	(410)
Expenses not deductible for tax purposes	**656**	728
Effect of tax incentive and tax rebate	**(519)**	(169)
Over provision in preceding financial year	**(143)**	(126)
Deferred tax asset not recognised	**54**	18
Utilisation of unrecognised deductible temporary differences	**(3)**	(55)
Effects of results of equity-accounted investees presented net of tax	**72**	–
Others	**(22)**	(38)
	951	1,122

9 Income tax expense (cont'd)

The statutory income tax rate applicable is 17% (2016: 17%) for companies incorporated in Singapore and 24% (2016: 24%) for companies incorporated in Malaysia.

Subject to the satisfaction of the conditions for group relief, tax losses of $300,000 (2016: nil) and capital allowances of $680,000 (2016: $350,000) arising in the current year are transferred from certain subsidiaries to the Company under the group relief system. These tax losses and capital allowances are transferred from the subsidiaries at no consideration.

At the end of the reporting period, the Group has potential tax benefits arising from unabsorbed tax losses of approximately $12,887,000 (2016: $12,638,000), and unabsorbed capital allowances of approximately $2,312,000 (2016: $2,283,000), 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:

	2017 $'000	2016 $'000
Unabsorbed tax losses	**12,887**	12,638
Unabsorbed capital allowances	**2,301**	2,272
	15,188	14,910

Deferred tax assets are not recognised because it is not probable that future taxable profits will be available against which those tax losses and capital allowances 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:

	2017 $'000	2016 $'000
Profit for the year attributable to owners of the Company	**6,228**	5,410

	2017	2016
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**200,996**	200,996
Basic earnings per share (cents)	**3.10**	2.69
Diluted earnings per share (cents)	**3.10**	2.69

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 2017 and 2016, 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 2017

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									
2017									
Cost									
At 1.1.2017	358	12,383	2,300	15,272	6,158	14,592	906	853	52,822
Additions	–	–	–	1,558	850	1,994	402	35	4,839
Disposals/write-off	–	–	–	(309)	(287)	(663)	(17)	(29)	(1,305)
Acquisition of a subsidiary	–	–	–	635	417	1,657	1,155	–	3,864
Translation	8	37	–	27	30	95	12	–	209
At 31.12.2017	**366**	**12,420**	**2,300**	**17,183**	**7,168**	**17,675**	**2,458**	**859**	**60,429**
Accumulated depreciation and impairment losses									
At 1.1.2017	–	5,730	1,219	10,420	3,171	9,556	613	–	30,709
Depreciation charge	–	201	46	1,489	634	1,270	170	–	3,810
Disposals/write-off	–	–	–	(293)	(264)	(596)	(17)	–	(1,170)
Acquisition of a subsidiary	–	–	–	423	268	751	595	–	2,037
Translation	–	16	–	15	14	65	9	–	119
At 31.12.2017	**–**	**5,947**	**1,265**	**12,054**	**3,823**	**11,046**	**1,370**	**–**	**35,505**
Net carrying value									
At 31.12.2017	**366**	**6,473**	**1,035**	**5,129**	**3,345**	**6,629**	**1,088**	**859**	**24,924**

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

11 Property, plant and equipment (cont'd)

	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
Depreciation charge	–	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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

11 Property, plant and equipment (cont'd)

	Leasehold property $'000	Leasehold improve-ments $'000	Furniture, fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Restaurant supplies, crockery and cutlery $'000	Total $'000
Company							
2017							
Cost							
At 1.1.2017	2,300	8,870	4,229	9,251	254	753	25,657
Additions	–	310	146	516	–	12	984
Disposals/write-off	–	(246)	(182)	(433)	–	(29)	(890)
At 31.12.2017	**2,300**	**8,934**	**4,193**	**9,334**	**254**	**736**	**25,751**
Accumulated depreciation and impairment losses							
At 1.1.2017	1,219	5,492	2,405	6,174	191	–	15,481
Depreciation charge	46	842	306	671	14	–	1,879
Disposals/write-off	–	(247)	(174)	(391)	–	–	(812)
At 31.12.2017	**1,265**	**6,087**	**2,537**	**6,454**	**205**	**–**	**16,548**
Net carrying value							
At 31.12.2017	**1,035**	**2,847**	**1,656**	**2,880**	**49**	**736**	**9,203**
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
Depreciation charge	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

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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Freehold land	**366**	358	**–**	–
Buildings and structural improvements	**6,473**	6,653	**–**	–
Leasehold property	**1,035**	1,081	**1,035**	1,081
Leasehold improvements	**76**	45	**–**	–
	7,950	8,137	**1,035**	1,081

Cash paid for additions of property, plant and equipment of the Group for the financial year amounted to $4,527,000 (2016: $5,839,000). Included in the current year's additions of property, plant and equipment of the Group and Company are amounts of $312,000 (2016: $255,000) and $27,000 (2016: $216,000) respectively, representing provision for restoration costs.

12 Investment properties

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Cost				
At beginning and end of financial year	**5,597**	5,597	**1,863**	1,863
Accumulated depreciation				
At beginning of financial year	**2,247**	2,089	**825**	787
Depreciation charge for the financial year (Note 7)	**182**	158	**37**	38
At end of financial year	**2,429**	2,247	**862**	825
Net carrying value				
At end of financial year	**3,168**	3,350	**1,001**	1,038

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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Investment properties	**1,001**	1,038	**1,001**	1,038

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

12 Investment properties (cont'd)

	Group		Company	
	2017 **$'000**	**2016** **$'000**	**2017** **$'000**	**2016** **$'000**
Consolidated statement of profit or loss and other comprehensive income				
Rental income from investment properties	**283**	332	**67**	75
Direct operating expenses arising from investment properties that generated rental income (including depreciation charge)	**(212)**	(255)	**(55)**	(57)

Based on valuations carried out by external professional valuers, the fair values of the investment properties of the Group and Company on 31 December 2017 are $11,734,000 (2016: $10,127,000) and $4,150,000 (2016: $3,900,000) respectively (Note 35(e)).

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)

13 Intangible assets

	Goodwill $'000	Trademarks $'000	Customer relationships $'000	Others $'000	Total $'000
Group					
2017					
Cost					
At 1.1.2017	–	–	–	2,135	2,135
Acquisition of a subsidiary (Note 14(iii))	8,303	5,381	2,797	477	16,958
Translation difference	–	–	–	(5)	(5)
At 31.12.2017	**8,303**	**5,381**	**2,797**	**2,607**	**19,088**
Accumulated amortisation and impairment losses					
At 1.1.2017	–	–	–	1,857	1,857
Amortisation charge	–	–	140	213	353
At 31.12.2017	**–**	**–**	**140**	**2,070**	**2,210**
Net carrying value					
At 31.12.2017	**8,303**	**5,381**	**2,657**	**537**	**16,878**
2016					
Cost					
At 1.1.2016	–	–	–	2,315	2,315
Additions	–	–	–	71	71
Write-off	–	–	–	(252)	(252)
Translation difference	–	–	–	1	1
At 31.12.2016	–	–	–	2,135	2,135
Accumulated amortisation and impairment losses					
At 1.1.2016	–	–	–	2,023	2,023
Amortisation charge	–	–	–	86	86
Write-off	–	–	–	(252)	(252)
At 31.12.2016	–	–	–	1,857	1,857
Net carrying value					
At 31.12.2016	–	–	–	278	278

13 Intangible assets (cont'd)

	Franchise rights/licence	
	2017	**2016**
	$'000	**$'000**
Company		
At cost		
At beginning and end of financial year	**406**	406
Accumulated amortisation		
At beginning of financial year	**333**	299
Amortisation charge	**73**	34
At end of financial year	**406**	333
Net carrying value	**–**	73

Composition of intangible assets

(i) Goodwill arising on the acquisition of Chilli Padi Holding Pte Ltd and subsidiaries ("Chilli Padi group").

(ii) Trademarks represent brand names "Chilli Api" and "Chilli Padi" which are registered under the Chilli Padi group entities.

(iii) Customer relationships refer to the economic benefits that are expected to be derived from non-contractual existing and recurring relationships between Chilli Padi group entity and its existing customers. These are acquired as part of the acquisition of Chilli Padi group and past transactions provide evidence that the Group is able to benefit from the future recurring revenue from such relationships.

(iv) "Others" comprise customer contracts and favourable lease agreements with respect to Chilli Padi group, knowhow and trade name of "Tip Top" curry puff, licence costs of operating a "Hello Kitty" café and exclusive franchise rights of "Swensen's" and "Yogen Fruz".

The Group's franchise rights of "Swensen's" in 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. The Group's franchise rights of "Yogen Fruz" in Singapore is for a period of 20 years from 28 September 2004 to 27 September 2024. The Group's licence costs of operating a "Hello Kitty" café is for a period of 3 years from 4 January 2016 to 8 March 2019.

Amortisation

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

Impairment assessment for goodwill and indefinite-life intangible assets

For the purposes of impairment assessment, the Group's goodwill and trademarks acquired in a business combination has been allocated to the cash-generating unit (CGU) identified as the Chilli Padi group.

The recoverable amount of this CGU is based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The key assumptions used in the estimation of value in use were as follows:

	Group
	2017
	%
Forecast revenue growth (average over next five years)	**8**
Terminal value growth rate	**–**
Discount rate	**12**

13 Intangible assets (cont'd)

Impairment assessment for goodwill and indefinite-life intangible assets (cont'd)

The Group's value in use calculations used cash flow forecasts covering a five years period. Forecast revenue for the next five years was projected taking into account the average growth levels experienced over the past years and the estimated sales volume and price growth for the next five years.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and which is adjusted for the risks specific to the CGU.

At 31 December 2017, the estimated recoverable amount of the CGU is higher than its carrying amount. Management has assessed that the change in the estimated recoverable amount arising from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of the CGU.

14 Investments in subsidiaries

	Company	
	2017 **$'000**	**2016** **$'000**
Unquoted equity shares, at cost		
At beginning of financial year	**22,940**	22,940
Acquisition during the financial year	**16,005**	–
Investment written off against allowance	**(456)**	–
	38,489	22,940
Less: Allowance for impairment in value	**(7,245)**	(10,684)
At end of financial year	**31,244**	12,256
Non-current receivable		
Loan to a subsidiary	**7,900**	–
Total	**39,144**	12,256

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

	Company	
	2017 **$'000**	**2016** **$'000**
At beginning of financial year	**10,684**	14,514
Allowance made	**317**	170
Reversal of impairment loss	**(3,300)**	(4,000)
Impairment written off against allowance	**(456)**	–
At end of financial year	**7,245**	10,684

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2017 are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2017 %	Group's equity holding 2016 %
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
(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

14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2017 are as follows: (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2017 %	Group's equity holding 2016 %
Held by the Company (cont'd)					
(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
(a)	ABR Property Investments Pte Ltd	Investment holding	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
(e)	KJ Coffees Singapore Pte Ltd	Dormant	Singapore	**–**	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	Investment holding	Singapore	**100**	100
(c)	ABR Land Australia Pty Ltd	Dormant	Australia	**100**	100
(a)	Chilli Padi Holding Pte Ltd	Investment holding	Singapore	**80**	–
(b)	Permai Puncakmas Sdn. Bhd.	Investment holding	Malaysia	**100**	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2017 are as follows: (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2017 %	Group's equity holding 2016 %
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
Held by Team-Up Investments (HK) Limited					
(c)	Win Win Food (Shenzhen) Co., Ltd	Dormant	People's Republic of China	**100**	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 and operator of restaurants	Malaysia	**100**	100
(a)	SSCB Pte Ltd	Commission agents	Singapore	**100**	100

14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2017 are as follows: (cont'd)

Name of subsidiary		Principal activities	Country of incorporation	Group's equity holding 2017 %	Group's equity holding 2016 %
Held by the subsidiaries (cont'd)					
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
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
Held by Chilli Padi Holding Pte Ltd					
(a)	Chilli Api Catering Pte Ltd	Catering service and foodstuff manufacturing	Singapore	**100**	–
(a)	Chilli Padi Nonya Restaurant Pte Ltd	Operation of food and beverage outlets	Singapore	**100**	–
(a)	Chilli Padi Nonya Catering Pte Ltd	Operation of food and beverage outlets	Singapore	**100**	–

(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 2017 as company is dormant during the financial year.
(e) The subsidiary has been struck off during the year.

(ii) Non-current loan to a subsidiary

During the financial year, the Company advanced non-current interest-free equity loan totalling $7,900,000 to a subsidiary to finance the subsidiary's investment in an associated company. The loan is repayable upon occurrence of certain events as stipulated in the loan agreement. The Company has assessed that the settlement of loan is neither planned nor likely to occur in the foreseeable future as the loan is intended to be a long-term source of additional capital for the subsidiary. As a result, management considers the loan to be in substance part of the Company's net investment in the subsidiary.

14 Investments in subsidiaries (cont'd)

(iii) Acquisition of a subsidiary

On 13 July 2017 (the "Acquisition Date"), the Company acquired an 80% equity interest in Chilli Padi group in order to complement the Group's principal activities and to expand into the food catering business, broaden the spectrum of its existing food and beverage selections to include Peranakan food and bring in an established brand into the Group's business.

(a) *The fair value of the identifiable assets and liabilities of the Chilli Padi group acquired as at the acquisition date were:*

	Fair value recognised on acquisition $'000
Property, plant and equipment	1,827
Intangible assets	8,655
Trade and other receivables	1,624
Cash and bank balances	2,786
	14,892
Trade and other payables	(3,465)
Deferred tax liabilities	(1,704)
Tax payables	(96)
	(5,265)
Total identifiable net assets at fair value	9,627
Less: Non-controlling interest measured at the non-controlling's proportionate share of subsidiary's net assets	(1,925)
Net identifiable assets acquired	7,702
Goodwill (Note 13)	8,303
Total consideration	16,005
Call option (Note 20)	381
Put option (Note 30)	(1,700)
Cash consideration	14,686
Effect of the acquisition of the subsidiary on cash flows	
Cash consideration for equity interest acquired	14,686
Less: Deferred cash consideration	(1,366)
Consideration settled in cash	13,320
Less: Cash and bank balances of the subsidiary acquired	(2,786)
	10,534

14 Investments in subsidiaries (cont'd)

(iii) Acquisition of a subsidiary (cont'd)

(b) *Impact of the acquisition on profit or loss*

Chilli Padi group contributed revenue of $11,368,000 and net profit of $1,892,000 to the Group for the six months ended 31 December 2017. If the acquisition had occurred on 1 January 2017, the Group revenue would have been $127,659,000 and the net profit would have been $7,481,000. The transaction costs related to the acquisition of $187,000 have been included in "administrative expenses" in the Group's profit or loss for the current financial year.

(c) *Deferred cash consideration*

In accordance with the Sale and Purchase agreement ("SPA"), 10% of the total cash consideration which amounted to $1,480,000, shall be payable, free of any interest, 2 years after the acquisition completion date. The fair value of the payable at the acquisition date was $1,366,000.

The amortised cost of the deferred cash consideration as at 31 December 2017 is approximately $1,395,000, determined based on an effective interest rate of 4.1% per annum (Note 30).

(d) *Profit guarantee*

In accordance with the SPA, the previous shareholders of Chilli Padi group guarantee and undertake for the benefit of the Group that the aggregate net profit after tax of the Chilli Padi group for the period commencing from 1 July 2017 to 30 June 2019 shall not be less than $6 million. In the event of any shortfall, the previous shareholders shall pay the Company an amount equivalent to the aggregate shortfall. No shortfall is expected as at reporting date.

(e) *Call option and put option of non-controlling interests*

In accordance with the SPA, the non-controlling shareholder of Chilli Padi group has granted to the Company a call option and the Company has granted the non-controlling shareholder a put option, in respect of the balance ordinary shares held by the non-controlling shareholder representing 20% of the issued shares of the Chilli Padi group. The consideration payable for the remaining 20% of shares is to be computed with reference to the net profit after tax of the Chilli Padi group for the relevant period in accordance with the terms of the call option and put option respectively.

The call option may be exercised from 13 July 2019 while the put option may be exercised from 13 July 2021. Further, both the call and put options may be early exercised after 31 December 2018 based on Chilli Padi group's audited net profit after tax for the financial year ended 31 December 2018 if mutually agreed between the Company and the non-controlling shareholder.

(f) *Goodwill*

The goodwill arising from the acquisition of $8,303,000 is attributable to new business opportunities expected to be provided to the Group and also additional and recurring revenue streams expected from the acquisition of Chilli Padi group.

(iv) Summarised financial information of subsidiary with material non-controlling interests ("NCI")

The Group has the following newly acquired subsidiary that has NCI that is considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership held by NCI
Chilli Padi Holding Pte Ltd ("Chilli Padi group")	Singapore	20%

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

14 Investments in subsidiaries (cont'd)

(iv) Summarised financial information of subsidiary with material non-controlling interests ("NCI") (cont'd)

The following are the summarised financial information of the Group's subsidiary with NCI that is considered by management to be material to the Group. The financial information includes consolidation adjustments but before inter-company eliminations.

	Chilli Padi group $'000
Summarised Statement of financial position	
Non-current assets	10,384
Current assets	6,078
Non-current liabilities	(1,701)
Current liabilities	(3,242)
Net assets	11,519
Net assets attributable to NCI	2,304
Summarised Income Statement	
Revenue	11,368
Profit before tax	2,222
Income tax expense	(330)
Profit after tax and total comprehensive income	1,892
Profit allocated to NCI	378
Summarised Cash Flows	
Cash flows from operating activities	1,669
Cash flows from investing activities	(493)
Cash flows from financing activities	–
Net increase in cash and cash equivalents	1,176

14 Investments in subsidiaries (cont'd)

(v) Impairment assessment

During the financial year, management performed impairment review for the Company's investment in certain subsidiaries as these subsidiaries recorded losses in current and previous financial years. An impairment loss of $317,000 (2016: $170,000) was recognised for the year ended 31 December 2017 to write down these subsidiaries to their recoverable amount of $6,158,000 (2016: $5,384,000).

A reversal of impairment loss of $3,300,000 was recognised for the year ended 31 December 2017 to write back the carrying value of an investment in a subsidiary to its recoverable amount of $8,856,000 based on the investment's fair value less costs of disposal. Management made reference to the fair value adjusted net assets of the subsidiary at the end of the reporting period for the impairment assessment. The fair value is determined using the market approach and this is categorised as a Level 3 fair value in the hierarchy.

In the previous financial year ended 31 December 2016, a reversal of impairment loss of $4,000,000 was recognised to write back the carrying value of an 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 was 10%.

15 Investments in equity-accounted investees

(a) Investments in associated companies

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
At beginning of financial year	**217**	217	**97**	97
Acquisition during the financial year	**365**	–	**–**	–
Less: Allowance for impairment loss	**–**	–	**(97)**	(97)
Less: Investment written off during the financial year	**(120)**	–	**–**	–
At end of financial year	**462**	217	**–**	–
Group's share of post-acquisition reserves	**(396)**	(217)	**–**	–
	66	–	**–**	–

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

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
At beginning of financial year	**–**	6	**97**	97
Reversal of allowance (Note 7)	**–**	(6)	**–**	–
At end of financial year	**–**	–	**97**	97

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

15 Investments in equity-accounted investees (cont'd)

(a) Investments in associated companies (cont'd)

The following information relates to associated companies:

Name of associated company	Principal activities	Country of incorporation	Group's equity holding 2017	2016
			%	%
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[1]	Dormant	Singapore	**–**	30
The Dempsey Group Pte Ltd[1]	Dormant	Singapore	**–**	33.3
Held by Permai Puncakmas Sdn. Bhd.				
Sering Manis Sdn. Bhd.	Property developer	Malaysia	**19**[2]	–

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

(1) These associated companies have been struck off during the financial year.

(2) Management has considered the Group's representation in the board of Sering Manis Sdn Bhd ("Sering Manis") and terms in the shareholders agreement, and has determined that it has significant influence on Sering Manis even though the Group's shareholding is 19%. The investment is part of the Group's corporate strategy to expand into selective property development business.

Summarised financial information for Sering Manis based on its FRS financial statements (not adjusted for the Group's share of these amounts) and a reconciliation to the carrying amount of the investment in the consolidated financial statements are as follows:

	Group 2017 $'000
Revenue	–
Loss after tax	(1,589)
Other comprehensive income	20
Total comprehensive loss	(1,569)
Non-current assets	64,343
Current assets	7,396
Non-current liabilities	(71,693)
Current liabilities	(210)
Net liabilities	(164)
Group's share of net liabilities based on proportion of ownership interest, including goodwill	66

15 Investments in equity-accounted investees (cont'd)

(b) Investment in joint venture

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Unquoted equity shares at cost	*	–	–	–
Group's share of post-acquisition reserves	2	–	–	–
	2	–	–	–

* Less than $1,000

The following information relates to the joint venture:

Name of joint venture company	Principal activities	Country of incorporation	Group's equity holding 2017 %	Group's equity holding 2016 %
Held by ABR Property Investments Pte Ltd				
ABR CCH Land Sdn. Bhd.	Property developer	Malaysia	49	–

The joint venture company is measured using the equity method of accounting. The activities of the joint venture provide the Group access into the property investment and development business.

Management does not consider the joint venture to be individually and in aggregate material to the Group. Accordingly, summarised financial information of the joint venture is not disclosed.

16 Held-to-maturity financial assets

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'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 2017 $'000	Company 2016 $'000
Loans to subsidiaries	**16,126**	11,906
Less: Allowance for doubtful receivables	**(5,667)**	(5,667)
	10,459	6,239

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

	Company 2017 $'000	Company 2016 $'000
At beginning of financial year	**5,667**	7,937
Receivables written off against allowance	**–**	(2,270)
At end of financial year	**5,667**	5,667

The non-current loans to subsidiaries are interest-free and unsecured, except for an advance to a subsidiary of $110,000 (2016: $110,000) with an interest of 5% (2016: 5%) per annum. The advance is not expected to be repaid within the next twelve months.

The non-current loans to subsidiaries of $10,459,000 (2016: $6,239,000) have no fixed repayment terms and they are not expected to be repaid within the next twelve months. The loans are carried at cost as the timing of the future cash flows cannot be estimated reliably and as such, it is not practicable to determine the fair values of the loans with sufficient reliability.

(ii) Due from subsidiaries, current

	Company 2017 $'000	Company 2016 $'000
Trade	**4,097**	4,132
Less: Allowance for doubtful receivables	**(4,066)**	(4,066)
Note 22	**31**	66
Non-trade	**4,596**	4,124
Less: Allowance for doubtful receivables	**(4,320)**	(3,166)
Note 22	**276**	958
	307	1,024

18 Due from subsidiaries (cont'd)

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

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

	Company	
	2017	**2016**
	$'000	**$'000**
Trade		
At beginning of financial year	**4,066**	4,411
Receivables written off against allowances	**–**	(345)
At end of financial year	**4,066**	4,066
Non-trade		
At beginning of financial year	**3,166**	3,711
Allowance made	**1,154**	–
Receivables written off against allowances	**–**	(545)
At end of financial year	**4,320**	3,166

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

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

	Company	
	2017	**2016**
	$'000	**$'000**
Not past due and not impaired	**19**	42
Past due and not impaired	**12**	24
	31	66

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

	Company	
	2017	**2016**
	$'000	**$'000**
Past due 0 - 30 days	**12**	22
Past due 31 - 60 days	**–**	1
Past due 61 - 90 days	**–**	1
	12	24

Trade receivables due from subsidiaries of approximately $4,066,000 (2016: $4,066,000) are past due and fully impaired.

19 Due from equity-accounted investees

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Loans to equity-accounted investees	**9,157**	–	**–**	–
Current				
Due from associated companies (non-trade)	**231**	212	**202**	199
Less: Allowance for doubtful receivables	**(202)**	(212)	**(202)**	(199)
Note 22	**29**	–	**–**	–

The non-current loans receivable from an associated company and a joint venture are interest-free, unsecured and are not expected to be repayable within the next twelve months, except for a loan of $1,450,000 receivable from the joint venture which bears interest at 6.72% per annum.

Interest income on the loan receivable from joint venture totalled $29,099 (2016: nil) during the financial year. This related party transaction is based on terms agreed between the parties concerned.

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At beginning of financial year	**212**	209	**199**	196
Allowance made (Note 7)	**3**	3	**3**	3
Receivables written off against allowances	**(10)**	–	**–**	–
Write-back of allowance made (Note 7)	**(3)**	–	**–**	–
At end of financial year	**202**	212	**202**	199

The current amounts due from associated companies are non-trade in nature, unsecured, interest-free and repayable on demand.

20 Other asset

Other asset comprises a call option over the remaining shares in the acquired subsidiary, Chilli Padi group (Note 14(iii)). The call option is recognised at its fair value.

21 Inventories

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Ice cream and ingredients	**1,009**	767	**982**	734
Confectionery and ingredients	**600**	648	**–**	–
Food and beverages	**715**	661	**452**	488
Packaging materials, consumables and merchandise	**403**	329	**173**	200
	2,727	2,405	**1,607**	1,422

22 Trade and other receivables

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables	**3,677**	1,516	**1,644**	1,290
Less: Allowance for doubtful trade receivables	**(25)**	–	**–**	–
Due from subsidiaries (Note 18(ii))	**–**	–	**31**	66
	3,652	1,516	**1,675**	1,356
Rental and sundry deposits	**8,908**	4,591	**3,828**	3,820
Prepayments	**1,283**	565	**714**	279
Sundry receivables	**2,135**	1,908	**1,832**	1,878
Tax recoverable	**297**	300	**–**	–
	12,623	7,364	**6,374**	5,977
Less: Allowance for doubtful sundry receivables	**(1,773)**	(1,773)	**(1,768)**	(1,768)
	10,850	5,591	**4,606**	4,209
Due from subsidiaries (Note 18 (ii))	**–**	–	**276**	958
Due from associated companies (Note 19)	**29**	–	**–**	–
	10,879	5,591	**4,882**	5,167
Total	**14,531**	7,107	**6,557**	6,523

22 Trade and other receivables (cont'd)

Credit risk

At the end of the reporting period, 25% (2016: 36%) and 38% (2016: 42%) 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.

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

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Not past due and not impaired	**2,203**	1,340	**1,162**	1,174
Past due and not impaired	**1,449**	176	**482**	116
	3,652	1,516	**1,644**	1,290

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

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Past due 0 – 30 days	**696**	135	**240**	96
Past due 31 – 60 days	**325**	21	**198**	20
Past due 61 – 90 days	**173**	–	**17**	–
Past due more than 90 days	**255**	20	**27**	–
	1,449	176	**482**	116

Trade receivables that are past due and fully impaired totalled $25,000 (2016: nil).

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

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
At beginning of financial year	**–**	–	**–**	–
Acquisition of a subsidiary	**25**	–	**–**	–
At end of financial year	**25**	–	**–**	–

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

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
At beginning and end of financial year	**1,773**	1,773	**1,768**	1,768

22 Trade and other receivables (cont'd)

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.

Rental and sundry deposits

Included in rental and sundry deposits is a deposit of $4,050,000 paid to Resort Venture Pte Ltd. On 19 December 2017, a subsidiary of the Group entered into a conditional sale and purchase agreement with Resort Venture Pte Ltd for the acquisition of 50% of the entire issued and paid-up share capital of PT Bintan Lagoon Resort for an aggregate consideration of $65,000,000.

At the end of the reporting period, the deposit of $4,050,000 is refundable to the subsidiary in the event completion does not take place through no fault of the subsidiary.

23 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 (2016: 12 months) from the end of the reporting period. The interest rates of these deposits at the end of the reporting period range from 0.5% to 3.7% (2016: 0.35% to 3.7%) per annum.

Included in the Group's fixed deposits and cash and bank balances are amounts of $124,000 (2016: $113,000), pledged to banks for banking facilities granted to the Group.

24 Share capital

Share capital, issued and fully paid ordinary shares

	Group and Company			
	2017	**2016**	**2017**	**2016**
	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.

25 Other reserves

	Group	
	2017 $'000	**2016 $'000**
Foreign currency translation reserve	**(715)**	(358)
Capital reserve	**404**	276
Option reserve	**(1,900)**	–
	(2,211)	(82)

25 Other reserves (cont'd)

Movements in other reserves are as follows:

	Group 2017 $'000	Group 2016 $'000
Foreign currency translation reserve		
At beginning of financial year	**(358)**	(612)
Net exchange differences on translation of financial statements of foreign subsidiaries	**(639)**	254
Translation gain of loan that forms part of net investment in foreign subsidiary	**282**	–
At end of financial year	**(715)**	(358)
Capital reserve		
At beginning of financial year	**276**	276
Capitalisation of accumulated profits during the year	**128**	–
At end of financial year	**404**	276
Option reserve		
At beginning of financial year	**–**	–
Recognition of option on acquisition of subsidiary	**(1,900)**	–
At end of financial year	**(1,900)**	–

26 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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At beginning of financial year	**1,353**	1,333	**510**	540
Tax charge/(credit) to				
– Profit or loss (Note 9)	**(86)**	29	**(170)**	(30)
– Translation difference	**11**	(9)	**–**	–
Acquisition of a subsidiary	**1,704**	–	**–**	–
At end of financial year	**2,982**	1,353	**340**	510

26 Deferred tax liabilities (cont'd)

Representing:

Deferred tax liability/(asset) arising from:

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Accelerated tax depreciation	**1,801**	1,439	**646**	650
Intangible assets	**1,471**	–	**–**	–
Provisions	**(346)**	(142)	**(306)**	(140)
Unabsorbed capital allowance	**(2)**	(2)	**–**	–
Others	**58**	58	**–**	–
	2,982	1,353	**340**	510

At the end of the reporting period, the Group has undistributed earnings amount of $9,495,000 (2016: $9,460,000) 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.

27 Trade and other payables

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Trade payables	**6,341**	4,819	**3,445**	3,085
Due to subsidiaries, trade	**–**	–	**773**	713
	6,341	4,819	**4,218**	3,798
Other payables	**2,271**	2,473	**900**	1,310
Accrued operating expenses	**5,723**	4,480	**3,095**	3,349
Deferred income	**600**	306	**566**	305
Due to subsidiaries, non-trade	**–**	–	**470**	513
Payable for acquisition of trademark, and related knowhow and goodwill	**256**	256	**–**	–
	8,850	7,515	**5,031**	5,477
Total	**15,191**	12,334	**9,249**	9,275

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

28 Provisions

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Provision for restoration costs	**1,491**	1,131	**987**	997
Provision for unutilised annual leave	**944**	813	**696**	705
	2,435	1,944	**1,683**	1,702
Represented by:				
Non-current liabilities	**1,142**	–	**825**	–
Current liabilities	**1,293**	1,944	**858**	1,702
	2,435	1,944	**1,683**	1,702

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At beginning of financial year	**1,131**	962	**997**	864
Acquisition of a subsidiary	**90**	–	**–**	–
Provision during the financial year	**312**	255	**27**	216
Utilised during the financial year	**(41)**	(62)	**(36)**	(60)
Unused amounts reversed during the financial year	**(1)**	(24)	**(1)**	(23)
At end of financial year	**1,491**	1,131	**987**	997

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.

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At beginning of financial year	**813**	685	**705**	615
Provision/(reversal) during the financial year	**2**	129	**(9)**	90
Translation	**1**	(1)	**–**	–
Acquisition of a subsidiary	**128**	–	**–**	–
At end of financial year	**944**	813	**696**	705

29 Borrowings

	Group	
	2017 $'000	2016 $'000
Current		
Secured		
Banker's acceptance	**142**	176

The banker's acceptance of $142,000 (2016: $176,000) of a subsidiary is secured by way of fixed charges over the subsidiary's properties with net carrying value of $1,345,000 (2016: $1,349,000), pledge on the subsidiary's fixed deposits, and corporate guarantees from a wholly-owned subsidiary of the Company together with the Company. During the financial year, the Group made a net repayment of $34,000 (2016: nil).

The banker's acceptance bears interest at 4% per annum at the end of the reporting period.

The carrying amount of the borrowings approximates its fair value.

30 Other liabilities

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Other payable	**1,395**	–	**1,395**	–
Put liability/option	**3,600**	–	**1,700**	–
	4,995	–	**3,095**	–

Group

Other payable refers to the balance purchase consideration which is payable in 2019 (Note 14(iii)).

The carrying value of the NCI put liability for the Group at 31 December 2017 represents the present value of the estimated option consideration payable by the Group for the potential future acquisition of the remaining 20% shares of the Chilli Padi group. The present value is determined based on an effective interest rate of 4.1% per annum (Note 14(iii)).

Company

The put option on the remaining 20% shares in the Chilli Padi group is recognised at its fair value at 31 December 2017 (Note 14(iii)).

31 Dividends

The directors have proposed a final tax exempt dividend for 2017 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 2018.

32 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 $2.0 million) (2016: RM6 million (approximately $1.9 million)), executed together with a wholly-owned subsidiary to a bank for banking facilities taken by a subsidiary of RM796,000, approximately $263,000 (2016: RM844,000, approximately $272,000) at the end of the reporting period; and

(ii) the Company has provided a corporate guarantee of $2 million (2016: $2 million) to a bank for banker's guarantee facility taken by a subsidiary of $1,010,000 (2016: $295,000) 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.

33 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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Not later than one financial year	**17,952**	16,480	**14,919**	15,117
Later than one financial year but not later than five financial years	**21,351**	24,106	**16,050**	22,887
More than five financial years	**126**	359	**–**	–
	39,429	40,945	**30,969**	38,004

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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Capital commitments in respect of property, plant and equipment	**–**	732	**–**	–
Capital commitments in respect of contingent acquisition of interest in PT Bintan Lagoon Resort (Note 22)	**61,000**	–	**–**	–

34 Financial instruments

(a) Categories of financial instruments

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

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Loans and receivables	**78,719**	88,019	**51,077**	74,648
Available-for-sale financial assets	**35**	35	**35**	35
Financial assets at fair value through profit or loss	**381**	–	**381**	–
Financial liabilities at amortised cost	**19,728**	12,204	**10,078**	8,970
Financial liabilities at fair value	**–**	–	**1,700**	–

(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 2017

34 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:

	Denominated in		
	USD	**AUD**	**Total**
	$'000	**$'000**	**$'000**
2017			
Financial assets			
Cash and cash equivalents	8,996	2,249	11,245
Financial liabilities			
Trade payables	411	–	411
Currency exposure – net financial assets	**8,585**	**2,249**	**10,834**
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

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% (2016: 5%) with all other variables including tax rate being held constant.

34 Financial instruments (cont'd)

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

Market risk (cont'd)

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.

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 32.

See Notes 18, 19 and 22 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.

34 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.

	2017 $'000			2016 $'000		
	Within 1 year	Within 2 to 5 years	Total	Within 1 year	Within 2 to 5 years	Total
Group						
Trade and other payables	**14,591**	**–**	**14,591**	12,027	–	12,027
Borrowings	**142**	**–**	**142**	177	–	177
Other liabilities	**–**	**5,530**	**5,530**	–	–	–
Company						
Trade and other payables	**8,683**	**–**	**8,683**	8,970	–	8,970
Financial guarantee contracts	**1,273**	**–**	**1,273**	567	–	567
Other liability	**–**	**1,480**	**1,480**	–	–	–

35 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).

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

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2017				
Other asset	**–**	**–**	**381**	**381**
2016				
Other asset	–	–	–	–
Company				
2017				
Other asset	**–**	**–**	**381**	**381**
Other liabilities				
Put option	**–**	**–**	**1,700**	**1,700**
2016				
Other asset	–	–	–	–
Other liabilities				
Put option	–	–	–	–

The fair values of the call option and put option are estimated by applying the Black-Scholes option valuation model. The fair value measurement is performed by an external professional valuer engaged by the Group. Management considered the appropriateness of the valuation technique and assumptions applied by the external valuer. This fair value measurement is categorised in Level 3 of the fair value hierarchy. Any significant changes in the inputs to the Black-Scholes model, such as exercise price, dividend yield, expected volatility, would result in higher or lower fair value measurements.

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

(c) 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 current 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.

The loan to equity-accounted investee of $1,450,000 (Note 19) approximates its fair value as there is no significant change in the market interest rate of a similar loan at the end of the reporting period. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

The carrying values of the Group's other liabilities, as disclosed in Note 30, approximate their fair values at the end of the reporting period. The fair values of the other liabilities are determined based on discounted cash flow analysis using a discount rate of 4.1% which is the market lending rate that management expect would be available to the Group at the end of the reporting period. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

(d) 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 equity-accounted investees of $7,707,000 (Note 19) and loans to subsidiaries disclosed in Note 18(i) do not have fixed repayment terms and fair value is not determinable with sufficient reliability as the timing of future cash flows cannot be estimated reliably. Accordingly, these loans are carried at cost.

The available-for-sale financial assets as disclosed in Note 17 are carried at cost as the fair value cannot be measured reliably.

(e) 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 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.

36 Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are food and beverage 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:

	Food and beverage $'000	Others $'000	Eliminations $'000	Group $'000
2017				
Revenue from external customers	117,929	61	–	**117,990**
Inter-segment revenue	–	2,561	(2,561)	**–**
Total revenue	117,929	2,622	(2,561)	**117,990**
Segment results	9,583	(1,545)	–	**8,038**
Finance costs	(6)	(29)	–	**(35)**
Share of results of equity-accounted investees	–	(300)	–	**(300)**
Profit before tax				**7,703**
Income tax expense				**(951)**
Profit after tax				**6,752**
Non-controlling interests				**(524)**
Net profit attributable to owners of the Company				**6,228**
Assets				
Investment in equity-accounted investees	–	68	–	**68**
Segment assets	106,315	34,036	(12,320)	**128,031**
Unallocated assets				**381**
Total assets				**128,480**
Liabilities				
Segment liabilities	20,925	22,779	(25,936)	**17,768**
Unallocated liabilities				**9,259**
Total liabilities				**27,027**
Capital expenditure	4,481	46	–	**4,527**
Depreciation and amortisation	3,968	377	–	**4,345**
Other non-cash expenses	103	29	–	**132**

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

36 Segment information (cont'd)

	Food and beverage $'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

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.

36 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 except for other asset (Note 20).

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 other liabilities (Note 30), 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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Singapore	**102,449**	89,611	**38,202**	20,828
Malaysia	**15,480**	14,239	**6,788**	4,846
Rest of Asia	**61**	75	**48**	67
	117,990	103,925	**45,038**	25,741

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 2017 and 31 December 2016.

37 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.

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 2016.

	Group	
	2017 **$'000**	**2016** **$'000**
Borrowings (Note 29)	**(142)**	(176)
Less: Cash and cash equivalents	**56,487**	81,664
Net cash	**56,345**	81,488
Equity attributable to owners of the Company	**98,490**	99,544
Total capital	**98,490**	99,544

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.

38 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 2017 were authorised for issue in accordance with a resolution of the directors on 28 March 2018.

LIST OF PROPERTIES

As at 31 December 2017

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 19 March 2018

Class of shares	:	Ordinary Shares
Voting rights	:	One vote per Share
No. of issued shares	:	200,995,734 Ordinary Shares
Treasury shares	:	NIL
No. of subsidiary holdings held	:	NIL

Distribution of Shareholdings as at 19 March 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	6	0.57	283	0.00
100 – 1,000	151	14.41	138,937	0.07
1,001 – 10,000	661	63.07	3,356,300	1.67
10,001 – 1,000,000	220	20.99	12,328,255	6.13
1,000,001 and above	10	0.96	185,171,959	92.13
Total	1,048	100.00	200,995,734	100.00

Substantial Shareholders as at 19 March 2018

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Ang Yee Lim	99,977,001[1]	49.74	–	–
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. 35,715,000 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 19 March 2018

Twenty–One Largest Shareholders as at 19 March 2018

No.	Name of Shareholders	No. of shares	%
1	Ang Yee Lim	64,262,001	31.97
2	Kechapi Pte Ltd	36,925,858	18.37
3	Raffles Nominees (Pte) Ltd	33,229,600	16.53
4	UOB Kay Hian Pte Ltd	20,357,500	10.13
5	Hong Leong Finance Nominees Pte Ltd	20,000,000	9.95
6	RHB Securities Singapore Pte Ltd	3,160,300	1.57
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	1,191,700	0.59
11	HSBC (Singapore) Nominees Pte Ltd	787,000	0.39
12	Ong Kheng Ho	495,000	0.25
13	So Tai Lai	470,000	0.23
14	United Overseas Bank Nominees (Private) Limited	459,000	0.23
15	Ong Kok Foo	350,000	0.17
16	Ronald Lim Cheng Aun	305,000	0.15
17	Citibank Nominees Singapore Pte Ltd	301,500	0.15
18	Allan Chua Tiang Kwang	300,000	0.15
19	Chua Tiang Choon, Keith	300,000	0.15
20	Leck Kim Seng	300,000	0.15
21	Quek Mong Hua	300,000	0.15
	Total:	**189,539,459**	**94.28**

Based on Shareholders' Information as at 19 March 2018, approximately 12.09% of the total numbers 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 39th Annual General Meeting of the Company will be held at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881 on Friday, 27 April 2018 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 2017 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 2017. **Resolution 2**

3. To approve the payment of the Directors' fees of $205,000 for the financial year ended 31 December 2017 (2016: $205,000). **Resolution 3**

4. To re-elect Mr Ang Lian Seng, 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 Allan Chua Tiang Kwang, 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;

and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares 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 and subsidiary holdings, if any), 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 subsidiary holdings, if any), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any) 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;

(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.

FOR AND ON BEHALF OF THE BOARD

Chua Tiang Choon, Keith
Executive Chairman

12 April 2018

Explanatory Notes:

(i) Key information on Mr Ang Lian Seng can be found on page 29 of the Annual Report 2017. Mr Ang Lian Seng will, upon re-election as Director of the Company, remain as a member of the Remuneration Committee.

(ii) Key information on Mr Allan Chua Tiang Kwang can be found on page 29 of the Annual Report 2017. Mr Allan Chua Tiang Kwang will, upon re-election as Director of the Company, remain as a member of the Audit Committee.

(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 and subsidiary holdings, if any) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares and subsidiary holdings, if any) for issues other than on a pro-rata basis to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

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.*

(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:*

i. 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

ii. 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

iii. 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 11 May 2018, for the purpose of determining shareholders' entitlements to the tax exempt Final Dividend of 1.50 Singapore cents per ordinary share, in respect of the financial year ended 31 December 2017.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 10 May 2018 by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, will be registered to determine shareholders' entitlements to the proposed dividend. Shareholders whose securities account maintained with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 10 May 2018, will be entitled to the payment of the proposed dividend.

The Final Dividend, if approved by shareholders at the forthcoming Annual General Meeting, will be paid to the shareholders on 25 May 2018.

FOR AND ON BEHALF OF THE BOARD

Chua Tiang Choon, Keith
Executive Chairman

12 April 2018

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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 and/or SRS 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 / SRS 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 39th Annual General Meeting of the Company to be held at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881 on Friday, 27 April 2018 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 2017 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 2017.		
3.	Approval of payment of Directors' fees of $205,000 for the financial year ended 31 December 2017.		
4.	Re-election of Mr Ang Lian Seng as Director.		
5.	Re-election of Mr Allan Chua Tiang Kwang 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 ____________ 2018

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 (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 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 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 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 12 April 2018.

AFFIX
STAMP

The Company Secretary

ABR HOLDINGS LIMITED

41 Tampines Street 92

ABR Building

Singapore 528881

HOLDINGS LIMITED

ABR Holdings Limited

41 Tampines Street 92
ABR Building Singapore 528881
Tel: (65) 6786 2866
Fax: (65) 6782 1311