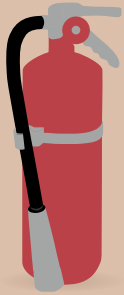




WATAMI
Japanese Casual Restaurant



BULGOGI BROTHERS
Korean BBQ Restaurant

bedroom
IS MADE FOR
DEBAUCHERY

CWR
A
PALATE FULL
OF
DIVERSE OFFERINGS
CHASWOOD RESOURCES
HOLDINGS LTD.
Annual Report
2012

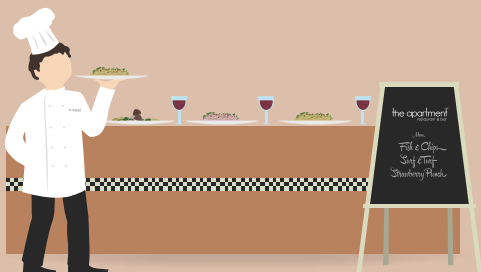


Italiannies
PASTA PIZZA & VINO

樂天皇朝
PARADISE DYNASTY
LEGEND OF XIAO LONG BAO



the apartment
restaurant & bar



MALONES

IRISH GASTROBAR





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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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#09-01 Singapore Land Tower
Singapore 048623
Telephone: +65 6337 5115



Corporate Profile

ChasWood Resources Group is one of the leading casual dining operators in Malaysia. We operate a total of 11 brands, including 4 international franchise and licensed restaurant chains and operate in 4 countries.



Our unique portfolio of brands are well known for consistently invigorating the food and beverage industry in Malaysia; ranging from big bold American flavors, hearty Italian and Irish cuisine, authentic Japanese, contemporary Korean, mouth watering local favorites to fresh modern cuisine. Hot on the city's night scene, our bars and lounges are top spots to be and to be seen.

Each of our brands bears the hallmark value of distinctive quality food, excellent service, and memorable personalities. This trinity has led the Group to win numerous accolades for our outstanding performance.



Our Vision

To become the leading restaurant brand developer, owner and operator in South East Asia by 2015.



Our Mission

As a Group, we are committed to creating value. Our guests look for value in terms of excellent food and beverage, exceptional service and genuine hospitality when they visit our brands.

In creating value, we are wholly dependent on people. Our key asset is our team. We are committed to inspire and develop every team member to his or her fullest potential. This means creating the opportunity for our people to learn and grow. Coaching, training, mentoring are the key elements in our relationship with each of our team members.

To excel, we add value to our relationship with our business partners and investors by driving efficiencies and investing in growth for long term value.

the apartment
restaurant & bar



Our Brands

FRANCHISED & LICENSED BRANDS

T.G.I. FRIDAY'S®



Category	: American, Casual Dining
Brand Promise	: In here, it's always Friday
Brand Essence	: Infectious Energy
Number of Restaurants	: 16 in Malaysia, 1 in Singapore and 1 in Indonesia
Established	: 1994

It's fun, it's familiar it's where every day is Friday. With over 1,000 restaurants in 60 countries around the world, T.G.I. Friday's® has served millions of satisfied customers since its first outlet opened in New York City 1965.

From its arrival in Malaysia in 1994, T.G.I. Friday's® has been a meeting place for American food lovers, and today, there are 16 outlets around the country. No matter who you are, or what the occasion is, you know you'll have a great time at T.G.I. Friday's®.

Website: www.fridays.com.my, www.fridays.com.sg

BULGOGI BROTHERS



Category	: Korean, Casual Dining
Brand Promise	: Contemporary Korean Dining Experience
Brand Essence	: Treating Our Guests As If They Are An Honored Guest in Our Own Home
Number of Restaurants	: 4 in Malaysia
Established	: 2012

A meat and spice paradise that keeps tongues wagging and burning, Bulgogi Brothers specializes in Korean cuisine, particularly bulgogi — marinated barbecued meat. Known for their cozy Western-style ambience, friendly service and for having K-Pop always playing in the background, they also serve Korean rice dishes, seafood, stew and noodles, along with a full range of beverages.

Bulgogi Brothers opened its first restaurant in Gang-Nam, Seoul, South Korea in October 2006, and now has more than 45 branches spread across South Korea, the Philippines, Malaysia and Canada. Bulgogi Brothers was recently awarded Best Korean Restaurant 2012 by the Government of South Korea.

Website: www.bulgogibros.com.my

WATAMI JAPANESE CASUAL RESTAURANT ("WATAMI")



Category	: Japanese, Casual Dining
Brand Promise	: We Care for Good Taste
Brand Essence	: To collect the most "Thank You" on the planet
Number of Restaurants	: 3 in Malaysia
Established	: 2011

A restaurant that goes all out for your "Arigato!", Watami serves up all the modern Japanese delights you've come to love along with original dishes and signature beverages. Coupled with high standards of service, dining at Watami is always an experience to remember.

Established in 1984, Watami Japanese Casual Restaurant is the leading brand under the Watami Group with over 600 outlets across Japan, and over 50 outlets across Hong Kong, China, Taiwan, Malaysia, Singapore and Korea.

Website: www.watami.com.my

Our Brands

FRANCHISED & LICENSED BRANDS

PARADISE DYNASTY



Category	: Southern Chinese, Casual Dining
Brand Promise	: The Legend of Xiao Long Bao
Brand Essence	: Amazes people with new creations
Number of Restaurants	: 1 in Thailand
Established	: 2012

Preparing feasts that any Emperor would approve of, Paradise Dynasty draws on the rich history of Imperial China while adding a contemporary twist to time-honoured cuisine. Here, you'll experience the legend of xiao long bao, steamed dumplings infused with crab roe, foie gras, black truffle and more.

Website: www.facebook.com/ParadiseDynastyTH

OUR HOMETOWN BRANDS

THE APARTMENT



Category	: Modern European, Casual Dining
Brand Promise	: Fresh & Simple
Brand Essence	: Where Dining Out Means Coming Home
Number of Restaurants	: 2 in Malaysia
Established	: 2007

"We want to take you home," goes the mantra at The Apartment restaurant and bar. Fresh, hip and zesty, it's a cozy midpoint between homely comfort and luxury; a place where the modern and familiar coexist. With large open spaces and lots of natural light, it satisfies the senses.

The Apartment also stands for escaping conventional restaurant culture as a spot where good food comes at affordable prices.

Website: www.theapartment.com

MALONES



Category	: Irish, Gastrobar
Brand Promise	: You're Guaranteed A Warm Welcome
Brand Essence	: Emotional Connection
Number of Restaurants	: 5 in Malaysia and 1 in Singapore
Established	: 2009

If there's one place you can always rely on for a pick-me-up, it's your local Irish pub. Pouring creamy pints of draft since 2009, Malones Irish restaurant and bar offers a delightful menu filled with an array of authentic Irish specialties along with its own Chefs' creations.

Malones is all about fun, letting loose and just being yourself; a perfect embodiment of Irish exuberance. If you're looking for luck, you'll find it at Malones.

Website: www.malones.my, www.malonesbar.com.sg

Our Brands

OUR HOMETOWN BRANDS

ITALIANNIES



Category	: American-Italian, Casual Dining
Brand Promise	: Every Guest Leave Happy
Brand Essence	: Food is a Celebration of Life
Number of Restaurants	: 5 in Malaysia
Established	: 2004

When it comes to evenings that are just perfect, Italians know best; it's all about good company and great food. Italiannies follows this tradition with its welcoming ambience, the A'more di Merrier shared menu and the aromas of freshly cooked food always in the air. Simply put, it's a place where families and friends gather together in a celebration of life, and living; a place where you'll always feel right at home.

Website: www.italiannies.com.my

BACI



Category	: Italian, Quick Service
Brand Promise	: Taste the Difference
Brand Essence	: Start Your Day Right
Number of Restaurants	: 1 in Malaysia and 1 in Singapore
Established	: 2011

Inspired by Italian café culture, Baci is a place where people take time to savour the good things in life. From its quality Italian coffee and fresh, cafe style food it provides a backdrop for people to relax, chat, and enjoy each other's company. Share the Love.

Website: www.baci.com.my, www.baci.com.sg

TEH TARIK PLACE



Category	: Local, Quick Service
Brand Promise	: Freshly made food and beverages
Brand Essence	: From Malaysia with Love
Number of Restaurants	: 8 in Malaysia
Established	: 2007

For all your streetside favourites without the carbon monoxide, there's only one name you need to remember - Teh Tarik Place. A contemporary reimagining of our beloved neighbourhood Mamak stalls with that same laid-back vibe, it's a hangout for people from all walks of life to unwind.

Teh Tarik Place's kitchen carries a variety of local dishes, from roti canai and tosai to nasi kerabu, mee goreng mamak, asam laksa and kicap chicken. You'll also find classic drinks like Milo, Ribena lychee and, of course, teh tarik, along with beloved desserts and snacks like goreng pisang, roti jala and cucur udang.

Website: www.tehtarikplace.my

Our Brands

OUR HOMETOWN BRANDS

LAUNDRY



Category	: Bar, Music Lounge
Brand Promise	: Be legend
Brand Essence	: Good music, drinks, food and company
Number of Restaurants	: 1 in Malaysia
Established	: 2006

This award winning bar was born out of a passion for life and its many pleasures - music, good company, food and drinks. It is a down to earth, unpretentious place whose policy is ideals of supporting the local music scene and providing a relaxed environment where our guests can listen to aspiring artists. Over the years, Laundry has launched the careers of many talented local musicians and has provided a platform for many international and regional artists who wants to share their love for music with the world.

Website: www.laundrybar.net

BEDROOM



Category	: Club, Lounge
Brand Promise	: Sexy is not shy
Brand Essence	: Comfortable, stylish, chic
Number of Restaurants	: 1 in Malaysia
Established	: 2011

Opened exclusively for private events and functions, bedroom is the choice for all trendsetters, socialites, the affluent leisure seekers, international crowd looking for something different, new and more than ordinary. Bedroom is an elegant backdrop to business gatherings, celebrations, a place to be seen in, a welcoming and warming venue where you are bound to chill and socialize.

Design, lounge, Asian chic and the latest, most daring trends coupled with mind-blowing cocktails and access to the best regional and international DJs, bedroom is the place to be. The mood is light, unpretentious, and contemporary. The people are here to look for an experience and get an adventure.

Located on the uppermost retail floor in Pavilion Kuala Lumpur, with a view of KLCC through huge crystalline windows, it's a location a select few get to be at when the sun sets...to lounge, meet, sip, and to be slightly naughty. Bedroom, where the style is comfortable, chic and never pretentious.

Website: www.bedroomkl.my

Our Presence

MALAYSIA

A T.G.I. FRIDAY'S®

1	Subang Parade, Subang Jaya
2	Wisma Jotic, Johor Bahru
3	1 Utama Shopping Centre, Petaling Jaya
4	The Curve, Petaling Jaya
5	Queensbay Mall, Pulau Pinang
6	Pavilion KL Shopping Centre, Kuala Lumpur
7	Sunway Pyramid, Petaling Jaya
8	IOI Mall, Puchong
9	Hartamas Shopping Centre, Kuala Lumpur
10	Wangsa Walk Mall, Kuala Lumpur
11	The Gardens Mall, Kuala Lumpur
12	Menara Hap Seng, Kuala Lumpur
13	Alamanda, Putrajaya
14	Gurney Paragon, Penang
15	Paradigm Mall, Petaling Jaya
16	Setia City Mall, Shah Alam

B WATAMI

1	Pavilion KL Shopping Centre, Kuala Lumpur
2	1 Utama Shopping Centre, Petaling Jaya
3	Paradigm Mall, Petaling Jaya

C BULGOGI BROTHERS

1	Paradigm Mall, Petaling Jaya
2	Pavilion KL Shopping Centre, Kuala Lumpur
3	eCurve, Petaling Jaya
4	Mid Valley, Kuala Lumpur

D ITALIANNIES

1	The Curve, Petaling Jaya
2	The Gardens Mall, Kuala Lumpur
3	Empire Shopping Gallery, Subang Jaya
4	Gurney Paragon, Penang
5	Paradigm Mall, Petaling Jaya

E TEH TARIK PLACE

1	The Curve, Petaling Jaya
2	1 Utama Shopping Centre, Petaling Jaya
3	IOI Mall, Puchong
4	Empire Shopping Gallery, Subang Jaya
5	Sunway Pyramid, Petaling Jaya
6	Sooka Sentral, Kuala Lumpur
7	Paradigm Mall, Petaling Jaya
8	Setia City Mall, Shah Alam

F THE APARTMENT

1	Suria KLCC, Kuala Lumpur
2	The Curve, Petaling Jaya

Our Presence

G	BACI
1	Citta Mall, Petaling Jaya
H	LAUNDRY
1	The Curve, Petaling Jaya
I	MALONES
1	Sooka Sentral, Kuala Lumpur
2	Suria KLCC, Kuala Lumpur
3	Pavilion KL Shopping Centre, Kuala Lumpur
4	The Curve, Petaling Jaya
5	Jaya One, Petaling Jaya
J	BEDROOM
1	Pavilion KL Shopping Centre, KL

SINGAPORE

A	T.G.I. FRIDAY'S®
1	112 Katong, East Coast Road
B	BACI
1	112 Katong, East Coast Road
C	MALONES
1	313 @Somerset, Orchard Road

THAILAND

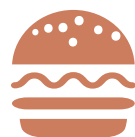
A	PARADISE DYNASTY
1	Siam Paragon, Bangkok

INDONESIA

A	T.G.I. FRIDAY'S®
1	Lippo Mall Kemang, Jakarta

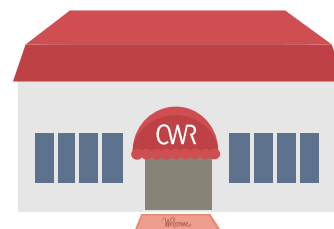
Awards and Accolades

YEAR	AWARDS AND ACCOLADES	AWARDED BY
2012	Overall International General Manager of the Year	Carlson Restaurants Worldwide
2012	Best General Manager, Asia Pacific	Carlson Restaurants Worldwide
2012	Franchisee of the Year	ET and Zeus, Inc.
2012	Best Value Mall Food	Yum List
2012	Ernst & Young Entrepreneur of the Year – Andrew Roach Reddy as Finalist	Ernst & Young Malaysia
2010	2010 Successful Entrepreneur Award to Andrew Reddy – Platinum Category in Singapore	The GRC Press Holdings, Singapore
2009	Bull Dog Award to Andrew Reddy	Carlson Restaurants Worldwide
2009	Best Family Restaurant (“T.G.I. Friday’s®”)	Time Out Malaysia
2009	Best Modern European Restaurant (“The Apartment”)	Time Out Malaysia
2009	Sales Excellence Award	Boustead Curve Sdn Bhd
2008	Best Laureate Award for Best Brands T.G.I Friday’s® F&B American Restaurant	The Asia Pacific Brands Foundation
2008	Sales Achievement Award	Boustead Curve Sdn Bhd
2007	Best Live Entertainment Venue (“Laundry”)	Juice Magazine
2007	Best Laureate Award for Best Brands T.G.I Friday’s® F&B American Restaurant	The Asia Pacific Brands Foundation
2007	Vice President Gold Star	Carlson Restaurants Worldwide
2007	Top 30 under 30	Le Prestige Magazine
2007	Best Live Performance Venue (“Laundry”)	KLue Magazine
2006	Best Live Entertainment Venue (“Laundry”)	Juice Magazine
2006	Best General Manager, International	Carlson Restaurants Worldwide
2006	Best General manager, Asia Pacific	Carlson Restaurants Worldwide
2006	Vice Presidential Gold Star	Carlson Restaurants Worldwide
2006	Best Italian Restaurant (“Italiannies”)	KLue Magazine
2006	Best Live Performance Venue (“Laundry”)	KLue Magazine
2006	The Curve Sales Excellence Award	Boustead Curve Sdn Bhd
2005	Vice President Gold Star	Carlson Restaurants Worldwide
2003	Karl Davis Award	Carlson Restaurants Worldwide
2002	Best General Manager, Asia Pacific	Carlson Restaurants Worldwide



Corporate Milestones

DATE	MILESTONE
2002	Establishment of Chaswood Resources Sdn. Bhd. and inherited 4 T.G.I. Friday's® outlets in Malaysia
2003	Secured development rights to develop additional T.G.I. Friday's® in Malaysia
2004	Italiannies debuted in Malaysia
2007	Secured development rights for T.G.I. Friday's® in Singapore Opened the first The Apartment and Teh Tarik Place in Malaysia. Laundry bar debuted in Malaysia.
2009	Opened the first Malones in Malaysia
2010	Leading public equity firm, the Asiasons Capital Group via Posh Corridor Sdn. Bhd. ("Posh Corridor") became a major shareholder of Chaswood Resources Sdn. Bhd. Secured development rights for Watami in Malaysia
2011	Opened Bedroom lounge in Pavilion Kuala Lumpur Executed a Sale and Purchase Agreement with Posh Corridor and Andrew Roach Reddy (collectively the "Vendors") to acquire the entire issued and paid-up share capital of Chaswood Resources Sdn. Bhd. ("Chaswood Acquisition")
2012	Completed the Chaswood Acquisition with allotment and issuance of approximately 2.03 billion new ordinary shares as consideration to the Vendors and reverse takeover of Asia Silk Holdings Limited ("Asia Silk") Assumed listing status of Asia Silk and renamed to Chaswood Resources Holdings Ltd. Resumption of trading on SGX-ST Catalist Board Secured development rights for Paradise Dynasty in Thailand and Bulgogi Brothers in Malaysia, Indonesia, Singapore, Thailand and various parts of China and Vietnam Secured development rights for T.G.I. Friday's® in Indonesia



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of Chaswood Resources Holdings Ltd ("Chaswood" or the "Company" or the "Group") for the financial year ended 31 December 2012 ("FY2012").

The Group marked a strategic milestone in 2012 when it successfully listed on Catalist, the sponsor supervised board of the Singapore Exchange Securities Trading Limited ("SGX") and resumed trading on 21 March 2012, following the successful completion of a reverse takeover exercise involving, amongst others, Asia Silk Holdings Limited's acquisition of Chaswood Resources Sdn. Bhd. and its subsidiaries.

2012 was an exciting year for the Group as we secured exclusive rights to develop two brands - Paradise Dynasty in Thailand; and Bulgogi Brothers in Malaysia, Indonesia, Singapore, Thailand and various parts of China and Vietnam. The Group also secured the exclusive right to develop and operate five T.G.I. Friday's® restaurants in Indonesia, which comes after nine years of successful operations of T.G.I. Friday's® in Malaysia and Singapore with a total of 17 outlets to-date.

The Group opened its first outlet in Thailand and Indonesia, in addition to Malaysia and Singapore where the Group already operates, signifying a significant step in our vision to be a leading regional player by 2015.

Financial Overview

In FY2012, Group revenue achieved record revenue of RM149.7 million, an increase of 21.7% compared to the corresponding preceding year ("FY2011"). The increase in revenue was mainly attributable to sales derived from new outlets and overall higher sales from existing outlets.

Gross profit increased by approximately RM18.5 million, or 22.2% from approximately RM83.7 million in 2011 to approximately RM102.2 million in 2012, in line with the increase in revenue. Gross margin improved from approximately 68.0% in 2011 to approximately 68.3% of total revenue in 2012.

However, the Group incurred a net loss after tax of RM11.9 million in FY2012, as compared to a net profit of RM8.4 million in FY2011, mainly due to expenses and goodwill written off arising from the reverse takeover, higher equipment written off as a result of closure of outlets, as well as higher operating costs such as staff costs, marketing costs and pre-operating costs for new outlets as a result of our expansion plan. The higher operating costs were partly due to our strategy to build up the infrastructure in order for the Group to be a regional casual dining operator as we hired various key and mid-management in various departments to strengthen our existing management team as well as to invest in various marketing initiatives such as digital marketing and creative initiatives.

Moving Ahead- Expanding Our Regional 'Food-print'

Although the global macro-economic environment remains uncertain, the outlook for South East Asia in which the Group operates, appears positive. South East Asia is one of the fastest-growing regions in the world, with an emerging and huge middle class that is becoming more affluent, discerning and cosmopolitan in nature. This positive demographic trend clearly translates into increasing consumer demand for diversified dining concepts, as well as quality culinary offerings and excellent service.

To date, the Group has a total of 11 brands offering a variety of Asian and Western casual dining concepts as well as cafes and bars and operates a total of 51 outlets in 4 countries.

Given our strong brand offerings for distinctive quality food and excellent service, coupled with the promising market potential of South East Asia on which the Group will be focusing its expansion plans, we believe that we are well-positioned to spread our wings in the region and take the business to a higher level.

Appreciation

On behalf of the Board, we would like to express our gratitude to our shareholders for the strong support and confidence in us. We would also like to extend our gratitude to the management and staff, business partners and various professionals for the untiring efforts, support, dedication and commitment in assisting us to fulfill our vision to be the leading multi-concept casual dining operator in South East Asia.

With the support and confidence of the stakeholders, the Group is bracing itself for exciting times ahead to achieve our vision of being the leading multi-concept casual dining operator in the region.

Dato' Mohammed Azlan Bin Hashim

Non-Independent Non-Executive Chairman

Managing Director's Message

Dear Shareholders,

As one of Malaysia's leading multi-concept operator in the food and beverage industry with a presence in Singapore, Thailand and Indonesia, the Group has been consistently invigorating the industry with new and innovative dining concepts. Over the years, the Group has demonstrated its ability to expand its market share receiving numerous accolades and realizing investor value. In the last ten years, we have grown from strength to strength with a diversified portfolio and continuous introduction of new concepts and innovations in Malaysia's food and beverage industry.

Being in one of the most soul stirring businesses – that of good food and entertaining people, is what inspires us every day. We are passionate about great tasting food and drinks, bringing the most compelling dining and beverage trends to our guests. Our team of fun, friendly and engaging staff members ensure a pleasant and memorable dining experience for our guests.

Our signature hospitality is guided by the principle that our guests make a choice to dine in our restaurants and therefore every guest under our roof should be offered good food and beverages and made to feel truly welcome. The same care is also given to the design of each of our concepts where guests are offered a variety of experiences.

Today, we remain committed to the same vision that has driven our success when the Company was first founded in 2002. With our franchise partners, we have outperformed development commitments and have also been acknowledged for our outstanding performance. Our experience and ability to comply to our franchisors' requirements has won their trust and confidence for us to secure development rights; including the rights to develop T.G.I. Friday's® at Menara Hap Seng, Kuala Lumpur as the first T.G.I. Friday's® prototype store in Asia; the first franchise rights for Watami Japanese Casual Restaurant in Malaysia; franchise rights for Paradise Dynasty in Thailand; and also securing the development rights for Bulgogi Brothers Korean BBQ Restaurants in six countries within a short span of time.

The Group incurred a net loss in FY2012, due mainly to expenses and goodwill written off arising from the reverse takeover and higher equipment written off as a result of closure of outlets as well as higher operating costs such as staff costs, marketing costs and pre-operating costs for new outlets. The higher operating costs was partly due to our strategy to build up the infrastructure in order for the Group to be a regional casual dining operator as we hired various key and mid management in various departments to strengthen our existing management team as well as invest in various marketing initiatives such as digital marketing and creative initiatives. We are confident that this strategy to focus on people (attracting and retaining talent) as well as to continuously invest in marketing and creative initiatives will provide a solid platform to fulfil our vision to be the leading regional casual dining operator going forward.

We are proud of our passion to serve will continuously inspire us to exceed the expectations of our guests, our team members, our franchisors, our stakeholders and our investors as we journey forward to realise our vision to be a leading multi-concept food & beverage operator in South East Asia.

Mr Andrew Roach Reddy

Managing Director

Board of Directors

DATO' MOHAMMED AZLAN BIN HASHIM

Non-Independent Non-Executive Chairman

Dato' Mohammed Azlan Bin Hashim was appointed to the Board as the Non-Independent Non-Executive Chairman on 30 April 2012. Dato' Azlan is a founder and Non-Executive Chairman of Asiasons Capital Limited. Dato' Azlan is instrumental in building Asiasons' relationship with government authorities and large corporate across the region and provides Asiasons with strong governance credibility due to his previous tenure as the Executive Chairman of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and current quasi governmental roles.

Dato' Azlan has extensive experience in the corporate sector especially in financial services and investment management. Aside from his tenure as the Exchange Chairman in Malaysia, he has served as the Chief Executive of Bumiputra Merchant Bankers, Group Managing Director of Amanah Capital Malaysia Berhad and Chairman of Proton Holdings Berhad (Malaysia's first national carmaker).

Dato' Azlan is currently a Board Member of various government and non-government related organizations including Khazanah Nasional Berhad (i.e. the investment arm of the Government of Malaysia), Employees Provident Fund of Malaysia (Investment Panel), Retirement Fund Incorporated (Investment Panel) and Labuan Offshore Financial Services Authority.

He also serves as the Chairman of various public entities, listed on Bursa Malaysia including D&O Green Technologies Berhad and SILK Holdings Berhad, Deputy Chairman of IHH Healthcare Berhad and a director of Scomi Group Bhd and as a Non-Executive Director of Aseana Properties Limited, a company listed on the London Stock Exchange.

A Chartered Accountant by profession, Dato' Azlan graduated with a Bachelor of Economics from Monash University, Australia. He is a fellow member of the Institute of Chartered Accountants, Australia, Malaysian Institute of Accountants, Fellow Member of Malaysian Institute of Directors, Fellow Member of the Institute of Chartered Secretaries and Administrators and Hon. Member of The Institute of Internal Auditors, Malaysia.

MR ANDREW ROACH REDDY

Executive Director and Managing Director

Mr Andrew Roach Reddy is our Managing Director and was appointed to the Board on 1 March 2012. He is responsible for the formulation of the Chaswood Group's strategic directions and expansion plans and management of overall business development. He has been in the hotel and service industry for about 18 years.

The seed of his casual dining empire were planted when he joined BistroAmericana Holdings Sdn. Bhd. as a general manager in 1993 and subsequently became the director of various T.G.I. Friday's® restaurants six years later. With a wealth of experience under his belt, an unrelenting drive for success, he founded Chaswood Resources Sdn. Bhd. with two other partners in 2002 and took the business under his personal charge; buying the T.G.I. Friday's® franchise from BistroAmericana Holdings Pte. Ltd.. As the Managing Director, Mr Andrew Reddy spearheaded the growth of the Chaswood Group business and operations to the present size and scale. Under his charge, Chaswood Group has grown from strength to strength and has expanded to being one of Malaysia's leading multi-concept operator in the food and beverage industry with a presence in Singapore, Thailand and Indonesia.

He holds a Masters of Business Administration in General and Strategic Management (Honourary) from the Maastricht School of Management, Netherlands.

Board of Directors

MR NG TECK WAH

Non-Independent Non-Executive

Mr Ng Teck Wah was appointed to the Board as the Non-Independent Non-Executive Director on 1 March 2012. Mr. Ng is a founder and Joint Managing Director of Asiasons Capital Limited. He is an Arthur Andersen thorough bred having joined the partnership upon graduation and has worked in various capacities throughout South East Asia before seeking early retirement in 2007 to join the Asiasons Group. Teck Wah shares the vision of Datuk Jared Lim Chih Li and Dato' Mohammed Azlan bin Hashim in building a South East Asian private equity operations and brings to the table his 30 years of experience in consultancy, turnaround management, mergers and acquisition and transaction advisory. Most importantly, Teck Wah brings to the partnership a financial discipline critical in making the right decisions for the fund partnership.

Teck Wah's last position was as the Executive Director of Transaction Advisory Services in Ernst & Young KL. He is one of the founding directors of Arthur Andersen corporate finance in Malaysia. During his tenure in Arthur Andersen, he has served in Singapore, Hong Kong, Manila, Thailand and Indonesia and has helped to develop the emerging corporate finance division in South East Asia.

Teck Wah has a strong reputation in the market as a mergers and acquisitions and restructuring specialist and has built a pre-eminent status as a market leader in corporate transaction advisory in Malaysia. He has built a strong track record in leading large turnaround and insolvency assignments across a spectrum of industries.

Teck Wah has a Bachelor's of Commerce in Accounting from University of Birmingham and is a fellow member of The Association of Chartered Certified Accountants UK (ACCA).

DATUK JARED LIM CHIH LI

Non-Independent Non-Executive

Datuk Jared Lim Chih Li was appointed to the Board as the Non-Independent Non-Executive Director on 1 March 2012. Datuk Jared is a founder and Joint Managing Director of Asiasons Capital Limited and is also a Director of ISR Capital Limited (formerly known as Asiasons WFG Financial Ltd.). Datuk Jared is the visionary behind the setting up of an Asian-owned and locally-grown private equity fund and conceptualized Asiasons' investment model of combining traditional value enhancing exercises with branding, design and online strategies.

Prior to the formation of the Asiasons Group in 2007, Datuk Jared was an investment banker Avenue Securities and was responsible for setting up of the corporate finance unit, eventually building it up to a 40 man strong unit with a strong track record in Equity offerings, Restructurings, M&A and Bond Issues. Datuk Jared is the first investment banker in Malaysia to have successfully completed cross border equity offerings involving PRC enterprises, which eventually led to his conviction that it was timely to start an Emerging East Asian private equity model.

Datuk Jared is also a successful entrepreneur and is the non-executive Chairman of the family owned Be Group. The Be Group is a boutique style property and lifestyle group comprising award winning properties in Malaysia. The Group complements its properties with lifestyle projects in the food and beverage, wellness and child enrichment space.

Datuk Jared has a Bachelor's degree in Economics and Accounting from the University of Bristol and obtained a First Class in Masters of Finance from the University of Hull and the Chartered Financial Analyst (CFA) qualification at the same time shortly after graduating from Bristol.

Board of Directors

MR NG TECK SIM COLIN

Independent Non-Executive

Mr Ng Teck Sim Colin was appointed to the Board as the Independent Non-Executive Director on 30 April 2012. He is currently the executive chairman of Colin Ng & Partners LLP, a law firm which he founded in 1988 and his practice focuses on corporate transactions including public listings of companies as well as advising on securities and capital market instruments.

He also serves as an Independent Director of several companies listed on the SGX-ST, namely Achieva Limited, Aztech Group Ltd., CEI Contract Manufacturing Limited and TSH Corporation Limited. He is also a registered professional with Catalyst for continuing sponsorship.

Mr Colin Ng graduated from the National University of Singapore in 1981 and was admitted to the Singapore Bar in 1982 and to the England & Wales Bar in 2000. He also holds a Master of Business Administration in Accountancy from Nanyang Technological University in 2007. He is a member of the Appeals Panel of the SGX-ST.

MR CHRISTOPHER JOHN MCAULIFFE

Independent Non-Executive

Mr Christopher John McAuliffe was appointed to the Board as the Independent Non-Executive Director on 30 April 2012. He has more than 18 years of investment banking experience in London, Singapore and Hong Kong and is presently the Managing Director of Sprint Capital Partners Limited, an investment and advisory firm in Hong Kong, which he established in 2008.

In 1993, Mr McAuliffe joined Barclays de Zoete Wedd as an analyst and was subsequently promoted to an associate director where he was involved in general corporate finance advisory activities across Europe. In 1998, Barclays de Zoete Wedd was acquired by Credit Suisse First Boston and Mr McAuliffe became a vice president and subsequently, a director of its Transportation and Logistics Group, managing the investment banking activities of the transport and logistics sector across Europe. He relocated to Singapore in 2000 to be the managing director and head of the Asia-Pacific Industrials Group of Credit Suisse First Boston, Singapore. From 2005 to 2008, he was the managing director and co-head of Citigroup's Asia Pacific Industrials Group, based in Hong Kong where he managed the investment banking activities of industrial sectors across the Asia-Pacific region.

He is also a Board Member of Stanmore Coal Limited, an Australian Securities Exchange listed coal mine developer and Satimola LLP, a private potash mine developer.

Mr McAuliffe holds a degree in Bachelor of Business Law (Honours) from University of Huddersfield, United Kingdom and a Master in Business Administration from University of Bradford, United Kingdom. He is currently the Vice Chairman of the Supervisory Board of Asian Bamboo AG which is listed on the Frankfurt Stock Exchange.

Key Executive Officers

MR JOANNIS MARTIN BEINS

Chief Operating Officer

Mr Joannis Martin Beins is the Chief Operating Officer of the Chaswood Group. His responsibilities include overseeing the operations, both locally and globally, and ensuring the quality of all the restaurants under the Chaswood Group. He is also responsible for service development and works closely with the Managing Director to monitor market trends and feedback from customers. He also formulates and oversees management training programs to ensure proper knowledge and skills are transfer to employees for sustainable product and service quality.

Mr Martin Beins had served in the hotel and service industry for 22 years before joining Bistroomerica (M) Sdn. Bhd. in 1994 as the General Manager. In 2002, he founded Chaswood Resources Sdn. Bhd. with Mr Andrew Reddy and a third party and was subsequently promoted to Executive Director of Operations in 2007 and was re-designated to the Chief Operating Officer in 2010.

MR KEK POH HEAN

Group Chief Financial Officer

Mr Kek Poh Hean is the Group Chief Financial Officer of the Company and was appointed since 16 May 2012. He oversees the finance (including corporate finance), compliance and investor relations of the Chaswood Group. He possess more than 12 years of broad finance and capital market experience and gained cross border experience in various countries including Malaysia, Thailand, Indonesia and China during his career.

He was formerly the Chief Financial Officer of China Fibretech Ltd from 2007 to 2012, listed in the SGX-ST. During his tenure, he oversees the IPO process of China Fibretech Ltd and successfully listed the group in the SGX-ST in June 2008. He was previously the Chief Financial Officer of China KL International Limited. Prior to these appointments, he was a Manager with the advisory arm of PriceWaterhouseCoopers from 2005 to 2006 managing internal audit, enterprise risk management and Sarbanes Oxley projects for a portfolio of clients which range from listed companies and government linked companies in Singapore. He was previously the finance manager of Wearnes Automotive Pte. Ltd., the automotive arm of Wearnes International Limited from 2004 and 2005. He started his career as an associate in PriceWaterhouseCoopers in 1999 and was promoted to assistant manager before he left to join Wearnes Automotive Pte. Ltd..

Mr Kek obtained a Bachelor in Accountancy (2nd Upper Class Honours) degree from Nanyang Technological University in 1999. He is also a qualified Certified Public Accountant with the Institute of Certified Public Accountants of Singapore and had obtained a Chartered Financial Analyst qualification from the CFA Institute and a Certified Internal Auditor qualification from the International Institute of Auditors.

MR LIM CHENG SEONG

Chief Financial Officer

Mr Lim Cheng Seong was appointed as the Chief Financial Officer of the Chaswood Group on 1 March 2012. He is responsible for the overall financial accounting and financial reporting of the Chaswood Group. He poses more than 10 years of financial management experience in various roles and capacities including his engagement in Chaswood Group.

Mr Lim joined Chaswood Resources Sdn. Bhd. as an Accounts Manager in 2005 and was promoted to the Financial Controller in 2008 and the Chief Financial Officer in 2011. Prior to joining Chaswood Resources Sdn. Bhd., he was the finance and accounts assistant manager with TA Enterprise Berhad, a Bursa Malaysia listed company from 2004 to 2005 where he was responsible for analysing the performance of the group for decision making purposes. Mr Lim was an audit supervisor with P.G. Lim & Associates for six years from 1999 till 2004 where his duties included performing external audit, advisory, taxation and accounting services for companies as well as performing due diligence reviews on potential acquisitions.

He graduated with a professional qualification from The Association of Chartered Certified Accountants, United Kingdom (ACCA) in 1999 and qualified as a Chartered Accountant in 2003. He is a member of the Malaysian Institute of Accountants and a fellow member of ACCA.

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE

Mr Andrew Roach Reddy - *Managing Director*

NON-INDEPENDENT NON-EXECUTIVE

Dato' Mohammed Azlan Bin Hashim - *Chairman*

Mr Ng Teck Wah

Datuk Jared Lim Chih Li

INDEPENDENT NON-EXECUTIVE

Mr Ng Teck Sim Colin

Mr Christopher John McAuliffe

AUDIT COMMITTEE

Mr Ng Teck Sim Colin - *Chairman*

Dato' Mohammed Azlan bin Hashim

Mr Christopher John McAuliffe

NOMINATING COMMITTEE

Mr Christopher John McAuliffe - *Chairman*

Dato' Mohammed Azlan bin Hashim

Mr Christopher John McAuliffe

REMUNERATION COMMITTEE

Mr Ng Teck Sim Colin - *Chairman*

Dato' Mohammed Azlan bin Hashim

Mr Christopher John McAuliffe

SECRETARIES

Ms Beh Pur-Lin Elaine

Ms Low Siew Tian

AUDITORS TO THE COMPANY

RSM Chio Lim LLP

8 Wilkie Road,

#03-08, Wilkie Edge,

Singapore 228095

Audit Partner-in-Charge:

Mr Peter Jacob

(Appointed since financial year ended 31 December 2012)

REGISTERED OFFICE

80 Robinson Road

#02-00

Singapore 068898

Phone: (65) 6236 3333

Fax: (65) 6236 4399

BUSINESS OFFICE

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No. 6, Jalan PJU 7/3 Mutiara Damansara

47800 Petaling Jaya Selangor Malaysia

Phone: (603) 7727 2257

Fax: (603) 7727 2267

WEBSITE

www.chaswood.com.my

COMPANY REGISTRATION NUMBER

200401894D

SHARE REGISTRAR

Tricor Barbinder Share Registration Services

80 Robinson Road

#02-00

Singapore 068898

PRINCIPAL BANKERS

CIMB Bank Berhad

Level 2 Lot P5.5

Persiaran Perbandaran

Bangunan UMNO Section 14

40675 Shah Alam

Selangor Malaysia

AmBank (M) Berhad

Level 18 Menara Dion

Jalan Sultan Ismail

50250 Kuala Lumpur

Malaysia

Report on Corporate Governance

The Board of Directors (the “**Board**”) of Chaswood Resources Holdings Ltd. (the “**Company**”) is committed to maintaining a high standard of corporate governance within and throughout the Company and its subsidiaries (collectively known as, the “**Group**”) in complying with the principles and guidelines set out in the Code of Corporate Governance 2005 (the “**Code**”) which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)’s Listing Manual. This report outlines the Company’s corporate governance practices throughout the financial year with specific reference to the Code.

BOARD MATTERS

Principle 1: The Board’s and Conduct of Affairs

The Board’s primary function is to protect Shareholders’ interests and enhance long-term shareholders’ value and returns for its Shareholders. It sets the overall strategy for the Group and supervises the management. To fulfill this role, the Board is responsible for setting the strategic direction for the Group, establishing goals for management and monitoring the achievement of these goals.

Apart from its statutory responsibilities, the Board’s principal functions include the following:

- (a) approving corporate policies, strategic directions and financial objectives of the Group and monitor the achievement of these objectives;
- (b) approving annual reports and periodic financial announcements;
- (c) reviewing management performance to ensure management leadership of high quality, effectiveness and integrity;
- (d) approve annual budgets, major funding proposals, investment and divestment proposals;
- (e) ensuring the adequacy and integrity of the Group’s internal controls, risk management systems and periodic reviews of the Group’s financial performance and compliance; and
- (f) assume responsibility for corporate governance framework of the Company

To assist in the execution of its responsibilities, the Board is supported by a number of committees which include the Audit Committee, the Nominating Committee and the Remuneration Committee. These committees have written mandates and operating procedures, which are reviewed on a regular basis.

The Board and Audit Committee meet at least four times a year to oversee the business affairs of the Group to review, consider and approve financial, business strategies and objectives of the Group. Where necessary, additional Board meetings and committee meetings are held to deliberate on urgent substantive matters. The Company’s Articles of Association allow meetings to be conducted both physically and by way of telephone conferencing or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other, provided that the requisite quorum is present.

Report on Corporate Governance

Each Director's participation in the meetings held in FY2012 is summarised in the table below:

	Board Committees							
	Board		Audit		Remuneration		Nominating	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Directors/ Board Members								
Ding Zhiying ⁽¹⁾	5	0	5	0	NA	NA	NA	NA
Edwin Sugiarto ⁽²⁾	5	2	5	2	1	1	NA	NA
N. Sivagurunathan V. Narayanasamy ⁽³⁾	5	2	5	2	NA	NA	NA	NA
Augustine A/L T.K. James ⁽⁴⁾	5	2	5	2	1	1	1	1
Phang Ian Cher Shen ⁽⁵⁾	5	2	5	2	1	1	1	1
Andrew Roach Reddy ⁽⁶⁾	5	3	NA	NA	NA	NA	NA	NA
Ng Teck Wah ⁽⁷⁾	5	3	5	NA	1	NA	1	NA
Datuk Jared Lim Chih Li ⁽⁸⁾	5	3	NA	NA	NA	NA	NA	NA
Dato' Mohammed Azlan bin Hashim ⁽⁹⁾	5	2	5	2	1	0	1	0
Ng Teck Sim Colin ⁽¹⁰⁾	5	3	5	3	1	0	1	0
Christopher John McAuliffe ⁽¹¹⁾	5	3	5	3	1	0	1	0

Note:

NA – Not a Member of the Committee

- (1) Ms Ding Zhiying resigned on 11 January 2012 and relinquished her position as the Executive Director and Chief Executive Officer and a member of the Nominating Committee on the same day.
- (2) Mr Edwin Sugiarto resigned on 1 March 2012 and relinquished his position as the Non-Independent Non-Executive Chairman and a member of the Audit and Remuneration Committees on the same day.
- (3) Mr N. Sivagurunathan V. Narayansamy resigned on 30 April 2012 and relinquished his position as the Non-Independent Non-Executive Chairman.
- (4) Mr Augustine A/L T.K. James resigned on 30 April 2012 and relinquished his position as the Independent Non-Executive Director, Chairman of Audit and Nominating Committees and a member of Remuneration Committee on the same day.
- (5) Mr Phang Ian Cher Shen resigned on 30 April 2012 and relinquished his position as the Independent Non-Executive Director, Chairman of Remuneration Committee and a member of the Audit and Nominating Committees on the same day.
- (6) Mr Andrew Roach Reddy was appointed as the Managing Director and Executive Director on 1 March 2012.
- (7) Mr Ng Teck Wah was appointed as the Non-Independent Non-Executive Director and a member of the Audit, Remuneration and Nominating Committees on 1 March 2012. Subsequently, Mr Ng ceased as a member of the Audit, Remuneration and Nominating Committees on 30 April 2012.
- (8) Datuk Jared Lim Chih Li was appointed as the Non-Independent Non-Executive Director on 1 March 2012.
- (9) Dato' Mohammed Azlan bin Hashim was appointed as the Non-Independent Non-Executive Chairman and a member of the Audit, Remuneration and Nominating Committees on 30 April 2012.
- (10) Mr Ng Teck Sim Colin was appointed as the Independent Non-Executive Director, Chairman of the Audit and Remuneration Committees and a member of Nominating Committee on 30 April 2012.
- (11) Mr Christopher John McAuliffe was appointed as the Independent Non-Executive Director, Chairman of the Nominating Committee and a member of Audit and Remuneration Committees on 30 April 2012.

Matters which are specifically reserved to the full Board for approval are those involving corporate plans, material acquisitions and disposal of assets, corporate or financial restructuring, share issuance, placement, dividends and other returns to Shareholders, Interested Person Transactions of a material nature and major undertakings outside the ordinary course of business.

All Directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected role and responsibilities. Where possible and when an opportunity arises, the Directors will be invited to locations within the Group's operations to enable them to obtain a better perspective of the business and enhance their understanding of the Group's operations.

Report on Corporate Governance

Each of the Directors, upon their appointment to the Board, has furnished a letter stating that they are aware and have been informed of their duties and obligations as Directors. A formal letter will be sent to newly appointed Directors upon their appointment explaining, among other matters, their roles, duties and responsibilities as members of the Board. The Company will arrange for new Directors with no prior experience of serving as a director in a listed company to attend appropriate courses, conferences or seminars, including programmes or courses organised by the Singapore Institute of Directors or other training institutions. During FY2012, Dato' Mohammed Azlan bin Hashim, Mr Ng Teck Sim Colin and Mr Christopher John McAuliffe were appointed as Directors with effect from 30 April 2012. The new Directors have prior experience of serving as a director in public listed companies.

Principle 2: Board Composition and Guidance

Pursuant to the completion of the acquisition of the entire equity interest of Chaswood Resources Sdn. Bhd. ("**Chaswood Acquisition**") and the announcement of the Company on 1 March 2012 in relation to the Changes in the Composition of the Board, the remaining proposed directors listed in Section 12 of the Circular of the Company dated 30 December 2011 were appointed as Directors following the completion of the Annual General Meeting held on 30 April 2012. The following Directors were appointed on 30 April 2012 in place of Mr N. Sivagurunathan V. Narayanasamy, Mr Augustine A/L T.K. James and Mr Phang Ian Cher Shen who resigned as Directors on the same day:

Dato' Mohammed Azlan bin Hashim	(appointed as Non-Independent Non-Executive Chairman)
Mr Ng Teck Sim Colin	(appointed as Independent Non-Executive Director)
Mr Christopher John McAuliffe	(appointed as Independent Non-Executive Director)

Following the above-mentioned changes, the Board, with effect from 30 April 2012 comprises two Independent Directors, three Non-Executive Directors and one Executive Director as follows:

Mr Andrew Roach Reddy	Executive Director and Managing Director
Dato' Mohammed Azlan bin Hashim	Non-Independent Non-Executive Chairman
Mr Ng Teck Wah	Non-Independent Non-Executive Director
Datuk Jared Lim Chih Li	Non-Independent Non-Executive Director
Mr Ng Teck Sim Colin	Independent Non-Executive Director
Mr Christopher John McAuliffe	Independent Non-Executive Director

The Nominating Committee reviewed the independence of directors annually, bearing in mind the circumstances set forth in the Code as well as all other relevant circumstances and facts.

The Board constantly examines its size with a view to determine the composition appropriate for effective decision-making and taking into account of the size and scope of the affairs and operations of the Group. With two out of six members of the Board being independent, the Company maintains a satisfactory independent element on the Board. The Board also considers that its composition of Non-Executive and Independent Directors provide an effective Board with a combination of core competencies of knowledge, business contacts and extensive business and commercial experience necessary to meet the requirements of the Group which facilitates effective decision-making.

The directors bring with them a wealth of expertise and experience in areas such as accounting, finance, business and management and industry knowledge. Its composition enables the management to benefit from a diverse and objective perspective on any issues raised before the Board. No individual or group of individuals dominates the Board's decision-making.

Principle 3: Chairman and Chief Executive Officer ("CEO")

The Board subscribes to the principle set out in the Code on the separation of the roles of the Chairman and the Chief Executive Officer ("**CEO**"). The roles and responsibilities of the Chairman and CEO in the Company are distinct and separate. This is to ensure appropriate balance of power and authority, accountability and decision making.

Report on Corporate Governance

The Chairman, Dato' Mohammed Azlan bin Hashim is a Non-Independent Non-Executive Director. He and Mr Andrew Roach Reddy, the Managing Director are not related to each other. The Managing Director is responsible for the day-to-day management of the affairs of the Group. He takes a leading role in developing and expanding the businesses of the Group and ensures that the Board is kept updated and informed of the Group's business.

The Chairman's responsibilities include:

- (a) scheduling meetings and leading the Board to ensure its effectiveness and approves the agenda of Board meetings in consultation with the Managing Director;
- (b) reviewing key proposals and Board papers before they are presented to the Board and ensures that Board members are provided with accurate and timely information;
- (c) ensuring that Board members engage Management in constructive debate on various matters including strategic issues and business planning processes; and
- (d) promoting high standards of corporate governance.

Principle 4: Board Membership

The current members of the NC comprise entirely of Non-Executive Directors, the majority of whom including the Chairman, is independent. The members of the NC are:

Mr Christopher John McAuliffe (Chairman)
Dato' Mohammed Azlan bin Hashim
Mr Ng Teck Sim Colin

The Chairman is not related with the substantial shareholders of the Company.

The NC has adopted specific written terms of reference and is scheduled to meet at least once a year, whose principal functions include the following:

- (a) identifying, reviewing and recommending candidates for appointment as Directors of the Company and appointment to the Board committees as well as to senior management positions in the Company;
- (b) re-nomination of Directors having regard to the Director's contribution and performance;
- (c) determining annually whether or not a Director is independent;
- (d) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations;
- (e) formulate succession plan;
- (f) review the Board's structure, size and composition, having regard to the principles of corporate governance and the Code; and
- (h) assess the effectiveness of the Board as a whole and assess the contribution of each individual director to the effectiveness of the Board on an annual basis.

Pursuant to the Company's Articles of Association, at least one third of the Directors are required to retire by rotation from office and subject themselves to re-election by Shareholders at every annual general meeting. Every Director must retire from office at least once in every three years. A retiring Director is eligible for re-election.

The NC had recommended to the Board that Mr Andrew Roach Reddy be nominated for re-election at the forthcoming Annual General Meeting ("AGM") for the purpose of the provision of Article 89 of the Company's Articles of Association. The three new Directors, Dato' Mohammed Azlan bin Hashim, Mr Ng Teck Sim Colin and Mr Christopher John McAuliffe will be nominated for re-election at the forthcoming AGM in accordance with Article 88 of the Company's Articles of Association.

Report on Corporate Governance

In making its recommendation, the NC evaluates such Directors' contribution and performance, such as their attendance at meetings of the Board and Board Committees, where applicable, participation, candour and any special contributions.

The NC is also responsible for determining annually, the independence of directors, bearing in mind the salient factors set out in the Code as well as other relevant circumstances and facts. In its annual review, the NC, having considered the guidelines set out in the Code, has confirmed independence status of the Independent Directors, namely Mr Ng Teck Sim Colin and Mr Christopher John McAuliffe.

Although the Non-Executive Directors hold directorships in other companies which are not within the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. The Board has confirmed that the Non-Executive Directors have committed sufficient time, resources and expertise to the affairs of the Company to ensure their compliance with the Code.

The NC reviews and assesses candidates for directorship before making recommendations to the Board. The NC takes into consideration the qualification and experience of each candidate, his ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives.

Key information regarding the Directors' academic and professional qualifications and other appointments is set out in this Annual Report under the heading "Board of Directors".

The dates of initial appointment and last re-election/re-appointment of each of the Directors of the current Board are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-Election	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company
Andrew Roach Reddy	Managing Director and Executive Director	1 March 2012	30 April 2012 (Art. 88)	-	-
Ng Teck Wah	Non-Independent Non-Executive Director	1 March 2012	30 April 2012 (Art. 88)	-	Present Asiasons Capital Limited Past three years ISR Capital Limited
Datuk Jared Lim Chih Li	Non-Independent Non-Executive Director	1 March 2012	30 April 2012 (Art. 88)	-	Present Asiasons Capital Limited ISR Capital Limited Past three years -

Report on Corporate Governance

Director	Position	Date of Initial Appointment	Date of Last Re-Election	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company
Dato' Mohammed Azlan bin Hashim	Non-Independent Non-Executive Director	30 April 2012	-	Audit Committee Nominating Committee Remuneration Committee	Present Asiasons Capital Limited Aseana Properties Limited D&O Green Technologies Berhad SILK Holdings Berhad Scomi Group Berhad IHH Healthcare Berhad Past three years ISR Capital Limited Parkway Pantai Ltd. (delisted from SGX-ST on 24 November 2010) Achibadem Saglik Yatrimlari Holding A.S. (delisted from Istanbul Stock Exchange on 4 October 2012)
Ng Teck Sim Colin	Independent Non-Executive Director	30 April 2012	-	Audit Committee (Chairman) Nominating Committee Remuneration Committee (Chairman)	Present Achieva Limited Aztech Group Ltd CEI Contract Manufacturing Limited TSH Corporation Limited Past three years -
Christopher John McAuliffe	Independent Non-Executive Director	30 April 2012	-	Audit Committee Nominating Committee (Chairman) Remuneration Committee	Present Asian Bamboo AG Stanmore Coal Limited Xplorer PLC Past three years -

The NC held one meeting during the year under review.

Principle 5: Board Performance

The NC has an annual Board performance evaluation to assess the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board by having the directors complete a questionnaire. The findings were analysed and discussed with a view to implement certain recommendations to further enhance the effectiveness of the Board.

Report on Corporate Governance

The NC considers that the present Board size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The NC will constantly examine its size with the view to determine its impact upon its effectiveness. The NC, in assessing the contribution of each director, had considered his attendance and participation at Board and Board Committee Meetings, his qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs, including management's access to the directors for guidance or exchange of views as and when necessary. In assessing the effectiveness of the Board as a whole, both quantitative and qualitative criteria are considered. Such criteria include return on equity and the achievement of strategic objectives.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with adequate and timely information prior to board meetings and on an on-going basis such as periodic management accounts and all relevant information. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise.

The Directors have unrestricted access to the Group's records and information. The Board members have separate and independent access to senior management staff and whenever necessary, senior management staff will be invited to attend the Board meetings and Committee Meetings to answer additional queries from the Board Members and provide detailed insights into their areas of operations to the Board Members. A quarterly report of the Group's activities is also provided to the Directors.

The Directors have separate and independent access to the Group's senior management and Company Secretaries at all times. A Company Secretary attends Board meetings and Committee meetings. The Company Secretaries assist the Board to ensure that Board procedures and rules and regulations are complied with. The appointment and the removal of the Company Secretaries is a matter for the Board as a whole.

The Board, either individually or as a group, in the furtherance of their duties, has access to independent professional advice, if necessary, at the Company's expense and after consultation with the Chairman.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The current members of the RC comprise entirely of Non-Executive Directors, the majority of whom including the Chairman, is independent. The members of the RC are :

Mr Ng Teck Sim Colin (Chairman)
Dato' Mohammed Azlan bin Hashim
Mr Christopher John McAuliffe

The role of the RC is to review and recommend to the Board a framework of remuneration of the Board and key executives of the Group, including but not limited to directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind.

The RC has adopted specific written terms of reference and is scheduled to meet at least once a year, whose principal functions include the following:

- (a) review and recommend to the Board in consultation with management and the Chairman of the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Directors of the Company, Managing Director and top 3 key executives, including those employees related to the Executive Directors and controlling Shareholders of the Company;

Report on Corporate Governance

- (b) review the service contract of each Director;
- (c) consider whether Directors should be eligible for benefit under long-term incentive schemes; and
- (d) carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

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

- (i) all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kinds should be covered, taking into account factors such as effort and time spent, and responsibilities of the directors. Non-executive directors are not over-compensated to the extent that their independence may be compromised.
- (ii) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and senior executives' performances.
- (iii) the remuneration package of employees related to Executive Directors and controlling Shareholders of the Company are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

No Director will be involved in deciding his own remuneration, except in providing information and documents if requested by the RC to assist in its deliberations. The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally.

The RC held one meeting during the year under review.

Principle 8: Level and Mix of Remuneration

The RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry and the performance of the individual Directors. The RC, in establishing the framework of remuneration policies for its directors and key executives is largely guided by the financial performance of the Company. The primary objective of the RC is to align the interests of management with that of the shareholders. In this regard, the RC believes that remuneration should be competitive and sufficient to attract, retain and motivate the Executive Director and key executives to better manage the Company.

The Non-Executive Directors are paid in accordance with a remuneration framework comprising basic fees and additional fees for serving as the Chairman of the Board and on any of the committees. Directors' fees are subject to the approval of the shareholders at the forthcoming AGM and such payments are paid quarterly in arrears.

Mr Andrew Roach Reddy, the Executive Director and Managing Director has entered into a service agreement with the Company which took effect from the date of the completion of Chaswood Acquisition on 1 March 2012 for an initial period of three years, and shall be renewable automatically on a yearly basis thereafter.

The service agreement spells out the terms of employment such as salary and other benefits. Mr Andrew Roach Reddy's service contract is not excessively long with onerous removal clauses. Under the service agreement, either party may inter alia, terminate the Service Agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary.

The Non-Executive and Independent Directors do not have any service contracts with the Company and their terms are specified in the Articles of Association.

Report on Corporate Governance

Principle 9: Disclosure on Remuneration

The RC reviewed and deliberated the Director's fees and remuneration of key officer. A breakdown, showing the level and mix of each Director's remuneration for FY2012⁽²⁾ is as follows:

Name of Director	Salary %	Director's fees ⁽²⁾ %	Performance Based Bonuses %	Other Benefits %	Total Remuneration %
\$250,000 to \$500,000					
<u>Executive Directors</u>					
Andrew Roach Reddy ⁽¹⁾	86	-	14	-	100
\$250,000 and below					
<u>Non-Independent and Non-Executive Directors</u>					
Ng Teck Wah	-	100	-	-	100
Datuk Jared Lim Chih Li	-	100	-	-	100
Dato' Mohammed Azlan bin Hashim	-	100	-	-	100
<u>Independent Directors</u>					
Ng Teck Sim Colin	-	100	-	-	100
Christopher John McAuliffe	-	100	-	-	100

Note:

- (1) Mr Andrew Roach Reddy was appointed as Executive Director and Managing Director of the Company with effect from 1 March 2012. The disclosure above includes his remuneration received from a subsidiary from 1 January 2012 to 28 February 2012.
- (2) The Director's fees for the FY2012 will be paid after approval is obtained from Shareholders at the forthcoming AGM.

The remuneration of the top three key executives of the Company for the FY2012 is shown in the following bands:

Name of Key Executive	Title	Salary %	Performance Based Bonuses %	Other Benefits %	Total Remuneration %
\$250,000 and below					
Joannis Martin Beins	Chief Operating Officer	83	7	10	100
Kek Poh Hean	Group Chief Financial Officer (appointed on 16 May 2012)	83	-	17	100
Lim Cheng Seong	Chief Financial Officer	83	7	10	100

As at the end of FY2012, there were five employees who are related to Mr Andrew Roach Reddy, the Executive Director and Managing Director, whose annual remuneration was below \$150,000. Their remuneration includes fixed salary, bonus and employers contribution to defined contribution plan.

Principle 10: Accountability

The Group recognises the importance of providing the Board with a continual flow of relevant information on an accurate and timely basis in order that it may effectively discharge its duties. The Group ensures that price-sensitive information is first publicly released and announced within the prescribed period after a review by the Board. Financial results and annual reports will be announced or issued within legally prescribed periods.

Report on Corporate Governance

In accordance with Rule 705(5) of the Catalist Rules, the Management provides confirmation in its half-yearly financial results announcements that to the best of its knowledge, nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect.

The Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the company's performance, position and prospects on a quarterly basis.

Principle 11: Audit Committee ("AC")

The current members of the AC comprise entirely of non-Executive Directors, the majority of whom including the Chairman is independent. The members of the AC are:

Mr Ng Teck Sim Colin (Chairman)
Dato' Mohammed Azlan bin Hashim
Mr Christopher John McAuliffe

The Board is of the view that the members of the AC who possess the appropriate accounting experience and/ or related financial management expertise have sufficient financial management expertise and experience to discharge the AC's functions.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC has adopted specific written terms of reference and is scheduled to meet at least four times a year, whose principal functions include the following:

- (a) review with the external auditors the audit plan, their letter to management and the management's response;
- (b) review the half-yearly financial information and annual financial statements before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;
- (c) review the internal control procedures and review the assistance given by our management to the auditor, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditor may wish to discuss (in the absence of the management, where necessary);
- (d) review and discuss with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- (e) consider the appointment or re-appointment of the external auditor and matters relating to the resignation or dismissal of the auditor;
- (f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- (g) review potential conflicts of interest, if any;
- (h) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of our AC; and
- (i) generally undertake such other functions and duties as may be required by the legislation, regulations or the Catalist Rules, or by such amendments as may be made thereto from time to time.

Report on Corporate Governance

The AC held five meetings during the year under review.

The AC met with internal and external auditors separately, without the presence of the Company's management, at least once a year to review the overall scope of internal and external audits respectively, and the assistance given by the management to the auditors.

During the financial year, the AC has reviewed the scope and quality of audit by the external auditors and the independence and objectivity of the external auditors as well as the cost effectiveness. The AC also reviewed the audit and non-audit fees paid to the external auditors. The AC, having reviewed all non-audit services provided by the external auditors of the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The detailed information on the audit and non-audit fees paid/ payable to external auditors for FY2012 can be found on page 64 of this Annual Report.

The AC also satisfied that the external auditors, RSM Chio Lim LLP is able to meet the audit obligations of the Company and is pleased to recommend to the Board of Directors, the nomination of the external auditors for re-appointment at the forthcoming AGM.

The Group has appointed different auditors for certain overseas subsidiaries. The Board and the AC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Group. The Company confirms that it is in compliance with Rules 712, 715 and 716 of the Catalist Rules in relation to the appointment of auditors for the Group.

The Company has put in place a whistle blowing policy (the "**Policy**") to provide an avenue to all employees and outside parties to report any concern or complaint regarding questionable accounting or auditing matters, internal controls, disclosure matters, conflict of interest, insider trading, collusion with competitors, serious breaches of Group policy, unsafe work practices or any other matters involving fraud, corruption and employee misconduct.

A dedicated and secured e-mail address is established to allow whistle blowers to contact the AC members directly. All concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The AC members may, in consultation with the Managing Director and/or senior management, direct the complaint to the division or department best placed to address it, or lead the investigation to ensure prompt and appropriate investigation and resolution.

During the financial year, there was no whistle blowing report received by the AC.

Principle 12: Internal Controls

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The AC is responsible in ensuring that such internal control system has been appropriately implemented and monitored.

In accordance with AC's recommendation, the Management has engaged Nexia TS Risk Advisory Pte Ltd ("Nexia") to conduct a risk assessment review on the Group's operation to assist the management and the Board in identifying and manage operational, compliance and financial risks.

The AC has reviewed the external auditors' report for audit in FY2012 and review its management letter and recommendations made. The AC will oversee and monitors the implementation of any improvement thereto.

Report on Corporate Governance

The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The AC had reviewed the existing internal control systems, work performed by the internal and external auditors and reviews performed by the Management and is not aware of any issues causing it to believe that the system of internal controls as inadequate and the same was reported to the Board. Based on the aforesaid, the Board, with the concurrence of the AC, is of the opinion that currently there are adequate internal controls systems in the Company in addressing financial, operational and compliance risks. The Board regularly reviews the effectiveness of all internal controls, including operational controls.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Group regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The senior operational management sets the Group's risk management policy and strategy. The senior operational managers continuously evaluate and monitor the significant risks.

In accordance with AC's recommendation, the Management has engaged Nexia specialising in risk management to further enhance the risk management within the Group. In first quarter of FY2013, Nexia has conducted a risk assessment review on the Group's operation.

Principle 13: Internal Audit

In accordance with AC's recommendation, the Company has outsourced the internal audit function to Nexia with effect from FY2013. The Internal Auditor is guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Internal Auditor reports directly to the AC Chairman on internal audit matters and to management on administrative matters. To ensure the adequacy of the internal audit function, the AC reviews and approves, on an annual basis, the internal audit plans and the recourses required to adequately perform this function.

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. The Board provides shareholders with an assessment of the Company's performance, position and prospects on half-yearly basis and other ad hoc announcements as required by the SGX-ST. The Company's Annual Report is sent to all shareholders, and is available to other investors on request and accessible at the Company's website.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting is accompanied by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these committees. The external auditors are also present to address any relevant queries.

Report on Corporate Governance

DEALINGS IN SECURITIES

The Company has adopted, as its own internal compliance code, the best practices guide in Rule 1204 (19) of the Catalyst Rules with regard to dealing in the Company's securities by the directors and its officers. The Directors, Management and officers of the Group are prohibited from dealing in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year financial results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

MATERIAL CONTRACTS

There was no material contract entered during the financial year under review

INTERESTED PERSON TRANSACTION ("IPTs")

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the Audit Committee ("AC") and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Board and the AC has reviewed the IPTs entered during the FY2012 by the Group and the aggregate value of IPT entered during the FY2012 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RM'000	RM'000
Monsoon Publishing ⁽¹⁾		
- Provision of entertainment and social media services	779	
Tremendousness Pte Ltd ⁽²⁾		
- Provision of branding and web communication services	730	
		Not applicable - the Company does not have a shareholders' mandate under Rule 920

Note:

- (1) Provision of services by an entity owned by the daughter of a director and shareholder, Mr Andrew Roach Reddy
- (2) Provision of services by a company owned by the brother of a director, Datuk Jared Lim Chih Li.

Report on Corporate Governance

USE OF PLACEMENT PROCEEDS

Pursuant to the completion of the compliance placement in relation the RTO exercise ("Compliance Placement") on 20 March 2012, the Company received approximately S\$3.15 million as proceeds from issuance of shares as disclosed in the Company's offer information statement dated 12 March 2012.

As at the date of this Report, the status on the use of placement proceeds is as follows:

Use of Placement Proceeds	Amount Allocated RM'000	Amount Utilised RM'000	Balance RM'000
Capital expenditure for new restaurants in existing markets and new regional markets	5,022	5,022	0
Refurbishment of existing restaurants	2,443	279	2,164
Expenses relating to the placement	231	231	0
TOTAL	7,696	5,532	2,164

The use of placement proceeds have been translated using the closing exchange rate of S\$1 to RM2.4430 as at 21 March 2012.

In compliance with Rule 1204(22), the use of placement proceeds is in accordance with the intended uses as disclosed in the Company's offer information statement dated 12 March 2012 in relation to the Compliance Placement. The Company will continue to make periodic announcements on the utilisation of the balance of the proceeds raised from the Compliance Placement as and when such proceeds are materially utilised.

NON-SPONSOR FEES

In compliance with Rule 1204(21) of the Catalist Rules, non-sponsor fees paid to CIMB Bank Berhad, Singapore Branch during the financial year ended 31 December 2012 amounted to approximately SGD320,000 (RM793,000, based on exchange rate of S\$1: RM 2.478) in connection with its role as the financial advisor in relation to the Chaswood Acquisition and reverse takeover exercise.

Directors' Report

The directors are pleased to present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2012. Before 1 March 2012 the Company was known as Asia Silk Holdings Limited, which was changed to its present name.

1. Directors at Date of Report

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

Andrew Roach Reddy	- Executive Director and Managing Director (appointed on 1 March 2012)
Ng Teck Wah	- Non-Independent Non-Executive Director (appointed on 1 March 2012)
Datuk Jared Lim Chih Li	- Non-Independent Non-Executive Director (appointed on 1 March 2012)
Dato' Mohammed Azlan bin Hashim	- Non-Independent Non-Executive Chairman (appointed on 30 April 2012)
Ng Teck Sim, Colin	- Independent Non-Executive Director (appointed on 30 April 2012)
Christopher John McAuliffe	- Independent Non-Executive Director (appointed on 30 April 2012)

2. Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the financial year nor at any time during the financial year, did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. Directors' Interests in Shares and Debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital and options of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 except as follows:

	Number of Ordinary Shares			
	Shareholdings registered in the name of director or nominee		Shareholdings in which a director is deemed to have an interest	
	As at 1.1.2012 or date of appointment if later	As at 31.12.2012	As at 1.1.2012 or date of appointment if later	As at 31.12.2012
<u>The Company:</u>				
Andrew Roach Reddy	506,544,558 ⁽¹⁾	52,054,455 ⁽²⁾	-	-
Dato' Mohammed Azlan bin Hashim ⁽³⁾	-	-	141,463,367	141,463,367
Datuk Jared Lim Chih Li ⁽⁴⁾	-	-	1,519,633,675	141,463,367

Directors' Report

3. Directors' Interests in Shares and Debentures (Cont'd)

- (1) *On 1 March 2012, 2,026,178,233 new ordinary shares in the capital of the Company were issued and allotted to Andrew Roach Reddy ("Andrew Reddy") and Posh Corridor Sdn. Bhd. as consideration shares pursuant to the Company's acquisition of the entire issued and paid-up share capital of Chaswood Resources Sdn. Bhd. in the proportion of 506,544,558 shares and 1,519,633,675 shares to Andrew Reddy and Posh Corridor Sdn. Bhd. respectively. The interest of Andrew Reddy as at 1 March 2012 is registered in the name of DMG & Partners Securities Pte. Ltd. which holds the shares as his nominee.*
- (2) *25,327,228 shares are registered in the name of DMG Partners Securities Pte. Ltd. which holds the shares as nominee of Andrew Reddy while the remaining 26,727,227 shares are registered in his name.*
- (3) *By virtue of section 7 of the Companies Act, Chapter 50, Dato' Mohammed Azlan bin Hashim is deemed interested in all shares held by Posh Corridor Sdn. Bhd. in the Company, through his deemed interest of 53.42% (As at 30 April 2012 : 55.3%) in Asiasons Capital Limited, a company incorporated and domiciled in Singapore. Posh Corridor Sdn. Bhd. is an associated company of Asiasons Capital Limited.*
- (4) *By virtue of section 7 of the Companies Act, Chapter 50, Datuk Jared Lim Chih Li is deemed interested in all shares held by Posh Corridor Sdn. Bhd. in the Company, through his deemed interest of 38.60% (As at 1 March 2012 : 40.0%) in Asiasons Capital Limited, a company incorporated and domiciled in Singapore. Posh Corridor Sdn. Bhd. is an associated company of Asiasons Capital Limited.*

As a result of the share consolidation on 12 March 2012, the number of shares were adjusted on the basis of 10 ordinary shares into 1 ordinary share.

By virtue of section 7 of the Companies Act, Chapter 50, the above directors with shareholdings are deemed to have an interest in the Company and in all the related corporations of the Company.

The directors' interests as at 21 January 2013 were the same as those as at 31 December 2012.

4. Contractual Benefits of Directors

Since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) which is required to be disclosed under section 201(8) of the Companies Act, Chapter 50, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

There were certain transactions (shown in the financial statements under related party transactions) with a corporation/corporations in which certain directors have an interest.

Directors' Report

5. Share Options

During the financial year, no option to take up unissued shares of the Company or any subsidiary was granted.

During the financial year, there were no shares of the Company or any subsidiary issued by virtue of the exercise of an option to take up unissued shares.

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

6. Independent Auditors

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

7. Audit Committee

The members of the Audit Committee ("AC") at the date of this report are:

Ng Teck Sim, Colin	Chairman	(appointed on 30 April 2012)
Dato' Mohammed Azlan bin Hashim	Member	(appointed on 30 April 2012)
Christopher John McAuliffe	Member	(appointed on 30 April 2012)

The AC performs the functions specified by section 201B (5) of the Companies Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan;
- Reviewed with the independent external auditors their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

Other functions performed by the AC are described in the report on corporate governance included in the annual report. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The AC has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors at the next annual general meeting of the Company.

Directors' Report

8. Subsequent Developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 28 February 2013, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On Behalf of The Directors

.....
Andrew Roach Reddy
Managing Director

.....
Ng Teck Wah
Director

25 March 2013

Statement by Directors

In the opinion of the directors,

- (a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the results and cash flows of the Group and changes in equity of the Company and of the Group for the financial year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors approved and authorised these financial statements for issue.

On Behalf of The Directors

.....
Andrew Roach Reddy
Managing Director

.....
Ng Teck Wah
Director

25 March 2013

Independent Auditors' Report

to the Members of CHASWOOD RESOURCES HOLDINGS LTD. (Registration No: 200401894D)

Report on the Financial Statements

We have audited the accompanying financial statements of Chaswood Resources Holdings Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 38 to 92, which comprise the statements of financial position of the Group and the Company as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 statement of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results, 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.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Independent Auditors' Report

to the Members of CHASWOOD RESOURCES HOLDINGS LTD. (Registration No: 200401894D)

Other Matters

The financial statements for the year ended 31 December 2011 were audited by other independent auditors whose report dated 28 March 2012 expressed an unqualified opinion on those financial statements.

RSM Chio Lim LLP
Public Accountants and Certified Public Accountants
Singapore
25 March 2013

Partner in charge of audit: Peter Jacob
Effective from year ended 31 December 2012

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2012

	Notes	2012 RM'000	2011 RM'000
Revenue	5	149,742	123,006
Cost of Sales		(47,514)	(39,319)
Gross Profit		<u>102,228</u>	<u>83,687</u>
Other Items of Income			
Interest Income		98	55
Other Credits	6	5,070	330
Other Items of Expense			
Marketing and Distribution Costs		(7,721)	(4,678)
Administrative Expenses	7	(88,448)	(61,897)
Finance Costs	8	(1,344)	(1,223)
Other Charges	6	(12,406)	(322)
Other Expenses	9	(5,563)	(3,928)
(Loss)/Profit before Tax		<u>(8,086)</u>	<u>12,024</u>
Income Tax Expense	10	(3,832)	(3,586)
(Loss)/Profit, Net of Tax		<u>(11,918)</u>	<u>8,438</u>
Other Comprehensive Income/(Expense), Net of Tax:- Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translation of Net Assets of Foreign Subsidiaries		153	(4)
Total Comprehensive (Expense)/Income of the Year, Net of Tax		<u>(11,765)</u>	<u>8,434</u>
(Loss)/Profit Net of Tax Attributable to:			
Owners of the Company		(11,711)	8,438
Non-Controlling Interests		(207)	-
(Loss)/Profit Net of Tax		<u>(11,918)</u>	<u>8,438</u>
Total Comprehensive (Expense)/Income Attributable to:			
Owners of the Company		(11,558)	8,434
Non-controlling Interests		(207)	-
Total Comprehensive (Expense)/Income		<u>(11,765)</u>	<u>8,434</u>
(Loss)/Earnings per share attributable to owners of the Company (RM sen per share)			
Basic and Diluted	11	<u>(5.3)</u>	<u>4.2</u>

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

Statements of Financial Position

as at 31 December 2012

	Notes	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
ASSETS					
Non-Current Assets					
Property and Equipment	12	63,799	46,731	-	-
Intangible Assets	13	11,053	8,564	920	-
Investments in Subsidiaries	14	-	-	150,954	4,442
Other Assets, Non-Current	15	5,536	5,082	-	-
Total Non-Current Assets		80,388	60,377	151,874	4,442
Current Assets					
Inventories	16	2,886	2,772	-	-
Trade and Other Receivables	17	3,305	3,915	4,987	-
Other Assets	18	5,052	5,683	18	494
Cash and Cash Equivalents	19	8,746	11,266	6	744
Total Current Assets		19,989	23,636	5,011	1,238
Total Assets		100,377	84,013	156,885	5,680
EQUITY AND LIABILITIES					
Equity					
Share Capital	20	20,776	3,000	158,444	979
Retained Earnings/(Accumulated Losses)		25,302	37,013	(2,458)	1,787
Translation Reserve	21	163	10	178	-
Total Equity Attributable to Owners of the Parent		46,241	40,023	156,164	2,766
Non-Controlling Interests		136	-	-	-
Total Equity		46,377	40,023	156,164	2,766
Non-Current Liabilities					
Deferred Tax liabilities	10	2,920	2,564	-	-
Other Financial Liabilities	22	12,405	8,986	-	-
Total Non-Current Liabilities		15,325	11,550	-	-
Current Liabilities					
Provision for Taxation		1,611	1,421	-	-
Trade and Other Payables	23	28,985	19,666	721	2,914
Other Financial Liabilities	22	8,079	11,353	-	-
Total Current Liabilities		38,675	32,440	721	2,914
Total Liabilities		54,000	43,990	721	2,914
Total Equity and Liabilities		100,377	84,013	156,885	5,680

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

Statements of Changes in Equity

for the financial year ended 31 December 2012

-----Attributable to owners of the Company-----

	Notes	Share Capital RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group:							
Current Year							
Balance as at 1 January 2012		3,000	10	37,013	40,023	-	40,023
Transaction with owners of the Company							
Additional shares arising from Reverse Takeover ("RTO") exercise	20	10,311	-	-	10,311	-	10,311
Issuance of new compliance shares	20	7,696	-	-	7,696	-	7,696
Share issuance expense		(231)	-	-	(231)	-	(231)
Shares subscribed by non-controlling shareholders		-	-	-	-	343	343
Total contribution by owners		17,776	-	-	17,776	343	18,119
Total comprehensive income/(expense) for the year							
Loss for the financial year		-	-	(11,711)	(11,711)	(207)	(11,918)
Effects of translation of net assets of foreign subsidiaries		-	153	-	153	-	153
Total comprehensive income/(expense) for the year		-	153	(11,711)	(11,558)	(207)	(11,765)
Balance as at 31 December 2012		20,776	163	25,302	46,241	136	46,377

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

Statements of Changes in Equity

for the financial year ended 31 December 2012

-----Attributable to owners of the Company-----

Notes	Share Capital RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Group:						
Previous Year						
Balance as at 1 January 2011	3,000	14	28,575	31,589	-	31,589
Total comprehensive income/(expense) for the year						
Profit for the financial year	-	-	8,438	8,438	-	8,438
Effects of translation of net assets of foreign subsidiaries	-	(4)	-	(4)	-	(4)
Total comprehensive income/(expense) for the year	-	(4)	8,438	8,434	-	8,434
Balance as at 31 December 2011	3,000	10	37,013	40,023	-	40,023

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

Statements of Changes in Equity

for the financial year ended 31 December 2012

	Notes	Share Capital RM'000	Translation Reserve RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Total Equity RM'000
Company:					
Current Year:					
Opening balance as at 1 January 2012		979	-	1,787	2,766
Transaction with owners of the Company					
Additional shares arising from RTO exercise	20	150,000	-	-	150,000
Issuance of new compliance shares	20	7,696	-	-	7,696
Share issuance expense		(231)	-	-	(231)
Total contribution by owners		157,465	-	-	157,465
Total comprehensive income/(expense) for the year					
Loss for the year		-	-	(4,245)	(4,245)
Foreign currency translation		-	178	-	178
Total comprehensive income/(expense) for the year		-	178	(4,245)	(4,067)
Balance as at 31 December 2012		158,444	178	(2,458)	156,164
Previous Year:					
Balance as at 1 January 2011		35,299	-	(35,193)	106
Transaction with owners of the Company					
Issuance of shares		875	-	-	875
Capital reduction		(35,195)	-	35,195	-
Total contribution by owners		(34,320)	-	35,195	875
Total comprehensive income for the year		-	-	1,785	1,785
Balance as at 31 December 2011		979	-	1,787	2,766

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

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2012

	2012 RM'000	2011 RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before tax	(8,086)	12,024
Adjustment for:		
Goodwill Written-Off	7,785	-
Amortisation of Franchise Fees	340	170
Franchise Fees Written-Off	111	-
RTO Expenses	2,623	-
Depreciation of Property and Equipment	4,831	3,735
Equipment Written-Off	4,510	322
Gain on Disposal of Equipment	(40)	(149)
Interest Income	(98)	(55)
Interest Expense	1,344	1,223
Operating Profit Before Working Capital Changes	13,320	17,270
Inventories	(114)	(1,200)
Trade and Other Receivables	610	(1,103)
Other Assets, Current	631	876
Trade and Other Payables	9,319	2,567
Net Cash Flows From Operations	23,766	18,410
Tax Paid	(3,286)	(3,886)
Net Cash Flows From Operating Activities	20,480	14,524
Cash Flows From Investing Activities		
Purchases of Property and Equipment	(25,871)	(12,612)
Net Proceeds from Disposal of Equipment	40	282
Franchise Fees Paid	(2,940)	(682)
Other Assets, Non-Current	(454)	(1,195)
Interest Received	98	55
Net Cash Paid upon Completion of RTO (Note 19)	(97)	-
Net Cash Flows Used in Investing Activities	(29,224)	(14,152)
Balance carried forward	(8,744)	372

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

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2012

	2012 RM'000	2011 RM'000
Balance brought forward	(8,744)	372
Cash Flows From Financing Activities		
(Decrease)/Increase in Bills Payable	(77)	499
Drawdown of Borrowings	8,174	6,809
Repayment of Borrowings	(6,153)	(3,931)
Repayment of Finance Lease Payables	(463)	(523)
Cash Restricted in Use	1,147	(295)
Proceeds from Non-Controlling Interests	343	-
Net Proceeds from Issuance of Shares	7,465	-
Interest Paid	(1,344)	(1,223)
Net Cash Flows From Financing Activities	9,092	1,336
Net Increase in Cash and Cash Equivalents	348	1,708
Foreign Exchange Differences	153	-
Cash and Cash Equivalents At Beginning Of The Financial Year	5,449	3,741
Cash and Cash Equivalents At End Of The Financial Year (Note 19A)	5,950	5,449

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

Notes to the Financial Statements

31 December 2012

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Malaysian ringgit.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the Company are that of investment holding. It is listed on Catalist which is a market of the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in Note 14 below.

The registered office is: 80 Robinson Road, #02-00, Singapore 068898. The Company is situated in Singapore.

2. Summary of Significant Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of Presentation

The consolidated financial statements include the financial statements made up to the end of the financial year of the Company and all of its directly and indirectly controlled subsidiaries. Consolidated financial statements are the financial statements of the Group presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including profit or loss and other comprehensive income items and dividends are eliminated on consolidation. The results of any subsidiary acquired or disposed of during the financial year are accounted for from the respective dates of acquisition or up to the date of disposal which is the date on which effective control is obtained of the acquired business until that control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Basis of Presentation (Cont'd)

The Company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, no statement of comprehensive income is presented for the Company.

Basis of Preparation of the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make 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. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

The Company completed its acquisition of Chaswood Resources Sdn. Bhd. ("the Acquisition") via a Reverse Takeover ("RTO") exercise on 1 March 2012.

The Acquisition has been accounted as a RTO and the legal subsidiary, Chaswood Resources Sdn. Bhd., is regarded as the acquirer and the Company, previously known as Asia Silk Holdings Limited ("Asia Silk") before completion on 1 March 2012, as the acquiree, for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of Chaswood Resources Sdn. Bhd. and its subsidiaries ("Chaswood Group" or "Group").

The above accounting treatment is only applied to the consolidated financial statements of the Group. At the Company level, the investment in Chaswood Resources Sdn. Bhd. is accounted for as an investment in a subsidiary.

At Group level, the Acquisition has been accounted for as a reverse acquisition in accordance with FRS103 Business Combinations, and Chaswood Resources Sdn. Bhd. is deemed to be the acquirer for accounting purposes. Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the twelve months period ended 31 December 2012 have been presented as a continuation of the Chaswood Group's financial results and operations.

Since such consolidated financial statements represent a continuation of the Chaswood Group:

- (a) the assets and liabilities of the Chaswood Group are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amounts;
- (b) the assets and liabilities of Asia Silk, the acquiree, are recognised and measured in accordance with FRS103;
- (c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the Chaswood Group immediately before the business combination;

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Basis of Preparation of the Financial Statements (Cont'd)

- (d) the amount recognised as issued equity interest in the consolidated financial statements is determined by adding to the issued equity of Chaswood Group immediately before the business combination the fair value of Asia Silk. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the legal parent (i.e. the Company) to effect the combination; and
- (e) the comparative figures presented in these consolidated financial statements are that of consolidated financial statements of the Chaswood Group.

Consolidated financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the legal parent (i.e. the acquiree for accounting purposes). Therefore, the cost of the business combination for the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the legal parent that satisfy the recognition criteria at their fair values at 1 March 2012.

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. Therefore, in the Company's separate financial statements, the investment in the legal subsidiaries (Chaswood Group) is accounted for at cost less accumulated impairment losses, if any.

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the financial year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Interest income is recognised using the effective interest method.

Employee Benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government body that manages retirement benefit plan) and the Employees Provident Fund in Malaysia (a government body that manages retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Income Tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the financial year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Foreign Currency Transactions

For 2011, the Company and the subsidiaries' functional currencies were Singapore dollar and Chinese renminbi ("RMB") respectively, as the Group's principal operations were conducted in the People's Republic of China. Accordingly, the financial statements were presented in RMB. Prior to the RTO exercise, the Company disposed its entire legal and beneficial interests in Wuxi Dingqiu Silk Co., Ltd. ("Wuxi Dingqiu") and the subsidiaries held by Wuxi Dingqiu, namely Guizhou Zhenxing Cocoon & Silk Co., Ltd., Suqian Xindingqiu Silk Co., Ltd. and Yixing Dingjia Textile & Garment Co., Ltd. The Company completed its acquisition of Chaswood Resources Sdn. Bhd. via a RTO exercise on 1 March 2012.

Subsequent to the RTO in 2012, the Company and the Group's functional currencies are Singapore dollar and Malaysian ringgit respectively as they reflect the primary economic environment in which the Company and the Group operate. The Group's principal operations are conducted in Malaysia. Accordingly, the financial statements are presented in Malaysian ringgit.

Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the financial year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the financial year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Translation of Financial Statements of Other Entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the financial year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the financial year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant entity.

Segment Reporting

The Group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Borrowing Costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

Property and Equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold buildings	-	2%
Equipment	-	5% - 20%
Leasehold improvements	-	5% - 10%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Property and Equipment (Cont'd)

Property and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the financial year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Leases

Whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each financial year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the financial years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Intangible Assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use.

The useful life for franchises is between 10 to 15 years.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's own separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book value of the investment in a subsidiary is not necessarily indicative of the amount that would be realised in a current market.

Business Combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. If the acquirer has made a gain from a bargain purchase that gain is recognised in profit or loss. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Non-Controlling Interests

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the financial year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the financial year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill

Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) is tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Goodwill (Cont'd)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial Assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date method.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the financial year date there were no financial assets classified in this category.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Financial Assets

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the financial year date there were no financial assets classified in this category.
4. Available for sale financial assets: As at end of the financial year date there were no financial assets classified in this category.

Cash and Cash Equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial Liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date method. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the financial year.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Financial Liabilities (Cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair Value of Financial Instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the financial year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the financial year. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or for liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of 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 Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Equity

Equity instruments are contracts that give a residual interest in the net assets of the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the financial year they occur.

Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Estimated impairment of goodwill and franchise fees

An assessment is made annually whether goodwill has suffered any impairment loss, based on the recoverable amounts of the cash generating units ("CGU"). The recoverable amounts of the CGUs were determined based on value in use calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in Note 13. Actual outcomes could vary from these estimates.

Property and equipment

The Group has property and equipment stated at carrying value of RM63,799,000 (2011: RM46,731,000). An assessment is made at each end of the financial year whether there is any indication that the assets may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the assets. The recoverable amounts of cash-generating units if applicable is determined based on value-in-use calculations. These calculations require the use of estimates. If the revised estimated gross margin is less favourable than that used in the calculations there would be a need to provide for impairment. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Critical Judgements, Assumptions and Estimation Uncertainties (Cont'd)

Useful lives of leasehold improvements and equipment

The estimates for the useful lives and related depreciation charges for property and equipment is based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the financial year affected by the assumption is approximately RM62,411,000 (2011: RM45,312,000).

Useful lives of franchise fees

The estimates for the useful lives and related amortisation charges for franchise fees is based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The amortisation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the financial year affected by the assumption is RM4,100,000 (2011: RM1,611,000).

Consolidation of Chaswood Resources (Thailand) Co., Ltd. ("Chaswood Thailand")

On 22 June 2012, the Company subscribed for a 49% stake in Chaswood Thailand, a company incorporated in Thailand with an initial paid-up share capital of Baht 1,000,000 divided into 10,000 shares of Baht 100 each. On 21 July 2012, Chaswood Thailand increased its paid-up share capital to Baht 10,000,000 divided into 100,000 shares of Baht 100 each. The Company subscribed for 49% of these 100,000 shares for a cash consideration of Baht 4,410,000 to retain its 49% equity interest.

The Group has an agreement with the other shareholder which owns the remaining voting shares, where the other shareholder agreed to always vote in the same way as the Group and that the Group is entitled to 90% of the profits. The nature of this agreement had resulted in the Group having the power to govern the financial and operating policies of this entity, so as to obtain benefits from its activities.

Accordingly, management considers Chaswood Thailand as a subsidiary of the Group and the Group has consolidated 90% of the results of Chaswood Thailand in the Group's financial statements for the financial year just ended, as the Group has virtually 90% of the economic interest in Chaswood Thailand.

Estimated impairment of subsidiary

When a subsidiary is in net equity deficit and has suffered losses a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the financial year affected by the assumption is RM150,954,000.

Notes to the Financial Statements

31 December 2012

2. Summary of Significant Accounting Policies (Cont'd)

Critical Judgements, Assumptions and Estimation Uncertainties (Cont'd)

Income taxes

The Group is presently subject to income taxes in mainly 2 jurisdictions, Singapore and Malaysia. Significant judgement is required in determining the Group-wide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The administration and enforcement of tax laws and regulations in these jurisdictions may be subject to uncertainty and a certain degree of discretion by the tax authorities. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The amounts are disclosed in Note 10.

Necessary public house licences / beer house licences ("Liquor Licences") which have not been obtained for certain restaurants in Malaysia

Subject to the issue of the Liquor Licences for certain restaurants in Malaysia, the Group is not in compliance with the relevant legislation in Malaysia regulating the business which involves providing intoxicating beverages (such as beer and liquor) to its patrons. In the event that the regulatory authority in Malaysia requires the strict compliance by the Group, the affected restaurants may have to cease providing such beverages, which may have an adverse effect on the Group's business and financial performance.

3. Related Party Relationships and Transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same Group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#3.1 Related companies:

The Company is a subsidiary of Posh Corridor Sdn. Bhd., incorporated in Malaysia. The Company's ultimate parent company is Dragonrider Opportunity Fund L.P., incorporated in the Cayman Islands. Related companies in these financial statements include the members of the ultimate parent company's group of companies. The ultimate controlling party is Dragonrider Opportunity Fund L.P.

There are transactions and arrangements between the reporting entity and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Notes to the Financial Statements

31 December 2012

3. Related Party Relationships and Transactions (Cont'd)

#3.1 Related companies (Cont'd):

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

As at the end of the financial year, the Group's total current liabilities exceeded its total current assets by RM18,686,000. Notwithstanding that current liabilities exceeded current assets, management is of the view that the Group will be able to meet its obligations as and when they fall due based on the forecasted cashflows of the Group for the next 12 months from the end of the financial year. Asiasons Capital Limited, an associated company of Posh Corridor Sdn. Bhd., and Andrew Roach Reddy (a director) have each given undertakings to provide continued financial support to the Group, in order for the Group to meet their liabilities as and when they fall due and to have sufficient working capital for their requirements for at least 12 months after the end of the financial year.

#3.2 Other related parties:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. The current balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any significant non-current balances and significant financial guarantees an interest or charge is charged or imputed unless stated otherwise.

Significant related party transactions:

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

		Group	
	Note	2012 RM'000	2011 RM'000
Salaries and other short-term employee benefits	(a)	383	458
Provision of branding and web communication services	(b)	730	-
Provision for entertainment and social media services	(c)	779	1,225
Provision of corporate services	(d)	122	-
Provision of design and fit-out services	(e)	64	-

- (a) Employees related to Mr. Andrew Roach Reddy.
- (b) Provision of services by a company owned by Datuk Jared Lim Chih Li's brother.
- (c) Provision of services by an entity owned by Mr. Andrew Roach Reddy's daughter.
- (d) Provision of services by an entity in which Mr. Ng Teck Sim, Colin has deemed interest.
- (e) Provision of services by Mr. Andrew Roach Reddy's daughter.

Notes to the Financial Statements

31 December 2012

3. Related Party Relationships and Transactions (Cont'd)

#3.3 Key management compensation:

	Group	
	2012 RM'000	2011 RM'000
Salaries and other short-term employee benefits	<u>2,544</u>	<u>1,798</u>

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2012 RM'000	2011 RM'000
Remuneration of directors of the Company	1,189	1,108
Other short-term benefits of director	-	54
Fees to directors of the Company	<u>298</u>	<u>-</u>

Further information about the remuneration of individual directors is provided in the report of corporate governance.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors and key department heads.

4. Financial Information by Operating Segments

4A. Information about Reportable Segment Profit or Loss, Assets and Liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

The management considers the business from a geographic segment perspective. There is no business segment as the Group operates in substantially one business segment that is restaurant business serving food and beverages.

The geographic segments are as follows:

1. Malaysia
2. Singapore
3. Others – Thailand and Indonesia

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured based differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments.

Notes to the Financial Statements

31 December 2012

4. Financial Information by Operating Segments (Cont'd)

4B. Profit or Loss from Continuing Operations and Reconciliations

	Malaysia RM'000	Singapore RM'000	Others RM'000	Adjustment RM'000	Total RM'000
Year ended 31 December 2012					
Revenues from external customers	133,055	15,109	1,578		149,742
Recurring earnings/(loss) before interest, taxes, depreciation and amortisation ("EBITDA")	13,835	(6,747)	(1,199)		5,889
Finance costs	(1,288)	(56)	-		(1,344)
Depreciation	(4,416)	(321)	(94)		(4,831)
Amortisation	(243)	(97)	-		(340)
Operating revenue before tax	7,888	(7,221)	(1,293)		(626)
Compensation from a third party	-	4,706	-		4,706
Equipment written-off	(2,950)	(1,560)	-		(4,510)
Franchise fees written-off	-	(111)	-		(111)
Other unallocated items	-	-	-	(7,545)	(7,545)
Profit/(Loss) before tax	4,938	(4,186)	(1,293)	(7,545)	(8,086)
Income tax expense	(3,814)	(18)	-	-	(3,832)
Profit/(Loss) after tax	1,124	(4,204)	(1,293)	(7,545)	(11,918)

Notes to the Financial Statements

31 December 2012

4. Financial Information by Operating Segments (Cont'd)

4B. Profit or Loss from Continuing Operations and Reconciliations (Cont'd)

	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
Year ended 31 December 2012				
Assets and Liabilities				
Segment assets				
Cash and cash equivalents	6,494	1,044	1,208	8,746
Trade and other receivables	2,081	118	1,106	3,305
Inventories	2,721	105	60	2,886
Other assets	8,593	1,276	719	10,588
Intangible assets	9,127	1,079	847	11,053
Property and equipment	55,810	3,438	4,551	63,799
Total assets	84,826	7,060	8,491	100,377
Segmental liabilities				
Deferred and current tax liabilities	4,531	-	-	4,531
Borrowings	20,484	-	-	20,484
Trade and other payables	23,923	2,103	2,959	28,985
Total liabilities	48,938	2,103	2,959	54,000
Other Segment Information				
Expenditure for non-current assets:				
Property and equipment	21,096	946	4,368	26,410
Intangible assets	1,142	951	847	2,940
	22,238	1,897	5,215	29,350
Other non-cash expenses other than depreciation/amortisation				
- Equipment written-off	2,950	1,560	-	4,510
- Franchisee fees written-off	-	111	-	111
- Goodwill written-off	-	7,785	-	7,785
	2,950	9,456	-	12,406

Notes to the Financial Statements

31 December 2012

4. Financial Information by Operating Segments (Cont'd)

4B. Profit or Loss from Continuing Operations and Reconciliations (Cont'd)

	Malaysia RM'000	Singapore RM'000	Total RM'000
Year ended 31 December 2011			
Revenues from external customers	110,354	12,652	123,006
Recurring EBITDA	17,222	252	17,474
Finance costs	(1,073)	(150)	(1,223)
Depreciation	(3,483)	(252)	(3,735)
Amortisation	(160)	(10)	(170)
Operating revenue before tax	12,506	(160)	12,346
Equipment written-off	(322)	-	(322)
Profit/(Loss) before tax	12,184	(160)	12,024
Income tax expense	(3,586)	-	(3,586)
Profit/(Loss) after tax	8,598	(160)	8,438
Assets and Liabilities			
Segment assets			
Cash and cash equivalents	8,139	3,127	11,266
Trade and other receivables	3,166	749	3,915
Inventories	2,615	157	2,772
Other assets	7,972	2,793	10,765
Intangible assets	8,273	291	8,564
Property and equipment	42,224	4,507	46,731
Total assets	72,389	11,624	84,013
Segmental liabilities			
Deferred and current tax liabilities	3,985	-	3,985
Borrowings	18,078	2,261	20,339
Trade and other payables	15,796	3,870	19,666
Total liabilities	37,859	6,131	43,990
Other Segment Information			
Expenditure for non-current assets:			
Property and equipment	10,485	2,727	13,212
Intangible assets	508	174	682
	10,993	2,901	13,894
Other non-cash expenses other than depreciation/amortisation			
- Equipment written-off	322	-	322

Notes to the Financial Statements

31 December 2012

5. Revenue

	Group	
	2012 RM'000	2011 RM'000
Sale of food and beverages	137,010	112,414
Service charges	12,732	10,592
	<u>149,742</u>	<u>123,006</u>

6. Other Credits and (Other Charges)

	Group	
	2012 RM'000	2011 RM'000
Sundry income	212	147
Compensation from a third party	4,706	-
Gain on disposal of equipment	40	149
Foreign exchange translation gains	112	34
Goodwill written-off	(7,785)	-
Equipment written-off	(4,510)	(322)
Franchise fees written-off	(111)	-
	<u>(7,336)</u>	<u>8</u>
Presented in the profit or loss as:		
Other credits	5,070	330
Other charges	(12,406)	(322)
	<u>(7,336)</u>	<u>8</u>

7. Administrative Expenses

The major components include the following:

	Group	
	2012 RM'000	2011 RM'000
Audit fees to the independent auditors of the Company	330	-
Audit fees to the independent auditors of the subsidiaries	311	244
Non-audit fees to the independent auditors of the Company ^(a)	652	-
Non-audit fees to the independent auditors of the subsidiaries ^(b)	198	-
Advertising costs	3,661	1,972
Employee benefits expenses	40,200	29,562
Operating supplies	2,992	2,007
RTO expenses, excluding fees paid to independent auditors	1,815	-
Rental of apartments	702	505
Rental of restaurants premises	20,772	16,816
Repairs and maintenance	2,608	1,643
Utilities	7,336	5,111
	<u>7,336</u>	<u>5,111</u>

^(a) Of this amount, RM620,000 represents fees paid to the reporting accountants for the RTO exercise.

^(b) Of this amount, RM188,000 represents fees paid to the independent auditors for Chaswood Resources Sdn. Bhd. for the RTO exercise.

Notes to the Financial Statements

31 December 2012

7. Administrative Expenses (Cont'd)

	Group	
	2012 RM'000	2011 RM'000
Salaries and other short-term employee benefits including the directors	38,249	28,006
Contribution to defined contribution plans	1,951	1,556
Total employee benefits expenses	<u>40,200</u>	<u>29,562</u>

8. Finance Costs

	Group	
	2012 RM'000	2011 RM'000
Bank borrowings	1,284	1,151
Finance lease payables	60	72
	<u>1,344</u>	<u>1,223</u>

9. Other Expenses

The major components include the following:

	Group	
	2012 RM'000	2011 RM'000
Amortisation of franchise fees	340	170
Depreciation of property and equipment	4,831	3,735

10. Income Tax Expense

10A. Components of tax expense recognised in profit or loss include:

	Group	
	2012 RM'000	2011 RM'000
Current tax expense:		
Current tax expense	3,516	3,320
Overprovision in the previous financial year	(40)	(208)
	<u>3,476</u>	<u>3,112</u>
Deferred tax expense:		
Deferred tax expense	354	300
Underprovision in the previous financial year	2	174
	<u>356</u>	<u>474</u>
Total income tax expense	<u>3,832</u>	<u>3,586</u>

Notes to the Financial Statements

31 December 2012

10. Income Tax Expense (Cont'd)

10A. Components of tax expense recognised in profit or loss include (Cont'd):

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2011: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2012 RM'000	2011 RM'000
(Loss)/Profit before taxation	(8,086)	12,024
Income tax (benefit)/expense at the above rate	(1,375)	2,044
Tax effects of:		
Non-deductible expenses	3,619	266
Non-taxable gain	(558)	(7)
Effect of different tax rates in different countries	1,300	1,136
Utilisation of previously unrecognised deferred tax assets	(19)	(44)
Deferred tax assets not recognised during the financial year	903	225
Overprovision in the previous financial year	(38)	(34)
Tax for the financial year	3,832	3,586

10B. Deferred tax expense recognised in profit or loss include:

	Group	
	2012 RM'000	2011 RM'000
Deferred tax liabilities:		
Excess of net book value of equipment over tax values	404	670
Deferred tax assets:		
Unutilised tax losses	19	106
Unabsorbed capital allowances	(67)	(302)
Total deferred income tax expense recognised in profit or loss	356	474

Notes to the Financial Statements

31 December 2012

10. Income Tax Expense (Cont'd)

10C. Deferred tax balance in the statement of financial position:

The deferred tax amounts during the year are as follows:

	Group	
	2012 RM'000	2011 RM'000
Deferred tax liabilities:		
Excess of net book value of equipment over tax values	3,448	3,044
Deferred tax assets:		
Unutilised tax losses	(34)	(53)
Unabsorbed capital allowances	(494)	(427)
Net balance	2,920	2,564

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

11. (Loss)/Earnings Per Share

Earnings per share is calculated by dividing the Group's results (net profit or loss attributable to equity holders of the Company) for the financial year by the weighted average number of ordinary shares outstanding during the financial year as follows:

	Group	
	2012	2011
Net (loss)/profit attributable to equity holdings of the Company (RM'000)	(11,711)	8,438
Weighted average number of ordinary shares in issue (In '000) ^(a)	222,277	202,618
(Loss)/Earnings per share (RM sen)	(5.3)	4.2

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive instruments in issue during the financial year.

^(a) The Company consolidated 10 existing ordinary shares into 1 ordinary share on 12 March 2012. Therefore, the weighted average number of shares outstanding for basic and diluted earnings per share from the reverse acquisition date to the end of the year have been adjusted retrospectively.

Notes to the Financial Statements

31 December 2012

12. Property and Equipment

Group	Leasehold Buildings RM'000	Leasehold Improvements RM'000	Equipment RM'000	Total RM'000
Cost:				
Balance as at 1 January 2011	1,569	19,261	28,349	49,179
Additions	-	6,360	6,852	13,212
Disposal	-	-	(614)	(614)
Written-off	-	(411)	(50)	(461)
Currency translation differences	-	41	19	60
At 31 December 2011	1,569	25,251	34,556	61,376
Additions	-	13,107	13,203	26,310
Disposal	-	-	(149)	(149)
Written-off	-	(4,056)	(2,526)	(6,582)
Currency translation differences	-	52	52	104
At 31 December 2012	1,569	34,354	45,136	81,059
Accumulated Depreciation:				
Balance as at 1 January 2011	119	3,199	8,206	11,524
Depreciation for the year	31	1,145	2,559	3,735
Disposal	-	-	(481)	(481)
Written-off	-	(119)	(20)	(139)
Currency translation differences	-	4	2	6
At 31 December 2011	150	4,229	10,266	14,645
Depreciation for the year	31	1,613	3,187	4,831
Disposal	-	-	(149)	(149)
Written-off	-	(1,158)	(914)	(2,072)
Currency translation differences	-	1	4	5
At 31 December 2012	181	4,685	12,394	17,260
Net Book Value				
At 1 January 2011	1,450	16,062	20,143	37,655
At 31 December 2011	1,419	21,022	24,290	46,731
At 31 December 2012	1,388	29,669	32,742	63,799

The depreciation expense is charged to other expenses.

Certain items are under finance lease agreements (see Note 22B).

Leasehold buildings with net book value amounting to RM1,388,000 (2011: RM1,419,000) are pledged as security for the bank facilities (Note 22).

Notes to the Financial Statements

31 December 2012

13. Intangible Assets

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Goodwill (Note 13A)	6,953	6,953	-	-
Franchise fees (Note 13B)	4,100	1,611	920	-
Total	<u>11,053</u>	<u>8,564</u>	<u>920</u>	<u>-</u>

13A. Goodwill

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost:				
Balance at beginning and end of the year	<u>6,953</u>	<u>6,953</u>	<u>-</u>	<u>-</u>

The goodwill mainly relates to the initial acquisition of T.G.I Friday's business in 2002.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment by each primary reporting segment as follows:

Group	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
2012				
Assets allocations:				
Goodwill	<u>6,953</u>	<u>-</u>	<u>-</u>	<u>6,953</u>
Total assets allocated	<u>6,953</u>	<u>-</u>	<u>-</u>	<u>6,953</u>
2011				
Assets allocations:				
Goodwill	<u>6,953</u>	<u>-</u>	<u>-</u>	<u>6,953</u>
Total assets allocated	<u>6,953</u>	<u>-</u>	<u>-</u>	<u>6,953</u>

Notes to the Financial Statements

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13. Intangible Assets (Cont'd)

13A. Goodwill (Cont'd)

During the financial year, the Group assessed the recoverable amount of the goodwill, and determined that the goodwill on consolidation is not impaired.

The basis of the determination of the recoverable amount is set out below.

The recoverable amount of a cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from this segment computed based on the projections of financial budgets approved by management covering a period of five years. The key assumptions used in the determination of the recoverable amount are as follows:

	Gross Margin		Growth Rate		Discount rate	
	2012	2011	2012	2011	2012	2011
Operating restaurants	68%	65%-66%	5%-10%	5%	12%	10.1%

- (a) Budgeted gross margin The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and cost saving measures, if any.
- (b) Growth rate Pre-tax cash flow projections based on the most recent financial budgets approved by the management covering a five year period based on the above stipulated growth rate.
- (c) Discount rate The discount rate used is based on the weighted average cost of capital.

13B. Franchise Fees

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Franchise fees, at cost:				
At beginning of year	2,235	1,549	-	-
Additions	2,925	682	952	-
Write-off	(140)	-	-	-
Foreign currency translation differences	15	4	-	-
At end of year	<u>5,035</u>	<u>2,235</u>	<u>952</u>	<u>-</u>
Accumulated amortisation:				
At beginning of year	(624)	(454)	-	-
Amortisation for the year	(340)	(170)	(32)	-
Write-off	29	-	-	-
At end of year	<u>(935)</u>	<u>(624)</u>	<u>(32)</u>	<u>-</u>
Carrying value at end of year	<u>4,100</u>	<u>1,611</u>	<u>920</u>	<u>-</u>

Notes to the Financial Statements

31 December 2012

13. Intangible Assets (Cont'd)

13B. Franchise Fees (Cont'd)

The franchise fees were tested for impairment at the end of the financial year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs to sell or its value in use. The recoverable amounts of cash-generating units have been determined based on its value in use method. The value is regarded as the lowest level for fair value measurement as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

14. Investments in Subsidiaries

	Company	
	2012 RM'000	2011 RM'000
Cost at beginning of the year	4,442	4,442
Acquisitions ⁽ⁱ⁾	150,954	-
Disposal ⁽ⁱⁱ⁾	(4,442)	-
Cost at end of the year	<u>150,954</u>	<u>4,442</u>
Total cost comprising:		
Unquoted equity shares at cost	150,954	34,732
Translation adjustment	-	(727)
Less allowance for impairment	-	(29,563)
Total at cost	<u>150,954</u>	<u>4,442</u>

(i) Included in this amount is the purchase consideration for the acquisition of Chaswood Resources Sdn. Bhd. via an RTO exercise on 1 March 2012 of RM150,000,000.

(ii) Prior to the RTO exercise, the Company disposed its entire legal and beneficial interest in Wuxi Dingqiu Silk Co., Ltd. ("Wuxi Dingqiu") and the subsidiaries held by Wuxi Dingqiu, namely Guizhou Zhenxing Cocoon & Silk Co., Ltd., Suqian Xindingqiu Silk Co., Ltd. and Yixing Dingjia Textile & Garment Co., Ltd. on 9 January 2012.

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14. Investments in Subsidiaries (Cont'd)

The subsidiaries held are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost in Books of Company		Effective Percentage of Equity Interest	
	2012 RM'000	2011 RM'000	2012 %	2011 %
Held by the Company				
Wuxi Dingqiu Silk Co., Ltd. ⁽ⁱⁱ⁾ People's Republic of China Manufacture and sales of spun silk yarns, spun silk fabrics and garments	-	4,442	-	100
Chaswood Resources Sdn. Bhd. ⁽¹⁾ Malaysia Investment holding and restaurant operator	150,000	-	100	-
Chaswood Resources (Thailand) Co. Ltd. ^{(2) (b)} Thailand Restaurant operator	954	-	90	-
Chaswood Global Pte. Ltd. ^{(3) (e)} Singapore Investment holding	(*)	-	100	-
	<u>150,954</u>	<u>4,442</u>		
Held by subsidiaries				
Wuxi Dingqiu Silk Co., Ltd.:				
Guizhou Zhenxing Cocoon & Silk Co., Ltd. ⁽ⁱⁱ⁾ People's Republic of China Cultivation of mulberry plants and cocoon silkworms and the trading of silkworm cocoons			-	94
Suqian Xindingqiu Silk Co., Ltd. ⁽ⁱⁱ⁾ People's Republic of China Manufacture and sales of spun silk yarns and spun silk fabrics			-	100
Yixing Dingjia Textile & Garment Co., Ltd. ⁽ⁱⁱ⁾ People's Republic of China Manufacture and sales of textile and garments			-	100

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14. Investments in Subsidiaries (Cont'd)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Effective Percentage of Equity Interest	
	2012 %	2011 %
Held by subsidiaries		
Chaswood Resources Sdn. Bhd.:		
Bistroamericana (P.J.) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (M) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (S.J.) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (J.B.) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (T.C.) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistro Italiana (SJ) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (B.U.) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Trinity Square Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistro Italiana (JB) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistro Italiana (TC) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		

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14. Investments in Subsidiaries (Cont'd)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Effective Percentage of Equity Interest	
	2012 %	2011 %
Held by subsidiaries		
Chaswood Resources Sdn. Bhd.:		
Bistro Italiana (TG) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Teh Tarik Place Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (Q.B.) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (BB) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (SP) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
The Apartment Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Teh Tarik Place Holdings Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Dormant		
Curry Leaf's Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistromalones (S) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Teh Tarik Place (SA) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		

Notes to the Financial Statements

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14. Investments in Subsidiaries (Cont'd)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Effective Percentage of Equity Interest	
	2012 %	2011 %
Held by subsidiaries		
Chaswood Resources Sdn. Bhd.:		
Bistroamericana (IOI) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (Hartamas) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (TG) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (WW) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistromalones (BB) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
The Apartment (BB) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (A) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistrojapan (BB) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistrojapan (BU) Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Chaswood Communications Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Dormant		

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14. Investments in Subsidiaries (Cont'd)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Effective Percentage of Equity Interest	
	2012 %	2011 %
Held by subsidiaries		
Chaswood Resources Sdn. Bhd.:		
Cafe Baci Sdn. Bhd. ⁽¹⁾		
Malaysia	100	-
Restaurant operator		
Bistroamericana (PM) Sdn. Bhd. ^{(1)(a)}		
Malaysia	100	-
Restaurant operator		
Bistrojapan (PM) Sdn. Bhd. ^{(1)(a)}		
Malaysia	100	-
Restaurant operator		
Bistro Italiana (PM) Sdn. Bhd. ^{(1)(a)}		
Malaysia	100	-
Restaurant operator		
Bistroamericana (SA) Sdn. Bhd. ^{(1)(a)}		
Malaysia	100	-
Restaurant operator		
Bulgogi Brothers Restaurants Sdn. Bhd. ^{(1)(c)}		
Malaysia	100	-
Restaurant operator		
Chaswood Resources Pte. Ltd. ⁽⁴⁾		
Singapore	100	-
Investment holding		
PT Chaswood Resources ⁽³⁾		
Indonesia	99	-
Investment holding		

Notes to the Financial Statements

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14. Investments in Subsidiaries (Cont'd)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Effective Percentage of Equity Interest	
	2012 %	2011 %
Held by subsidiaries		
Chaswood Resources Pte. Ltd.:		
Chaswood Resources (OR) Pte. Ltd. ⁽⁴⁾ Singapore Restaurant operator	100	-
Bistroamericana (KM) Pte. Ltd. ⁽⁴⁾ Singapore Restaurant operator	100	-
Bistromalones (313) Pte. Ltd. ⁽⁴⁾ Singapore Restaurant operator	100	-
Bulgogi Brothers Restaurants (Singapore) Pte. Ltd. (f.k.a. Bistro Italiana (KM) Pte. Ltd.) ⁽⁴⁾ Singapore Dormant	100	-
PT Chaswood Resources:		
PT Chaswood Resources Jakarta ^{(3) (d)} Indonesia Restaurant operator	75	-
Chaswood Global Pte. Ltd.:		
Chaswood Resources (HK) Private Limited ^{(3) (f)} Hong Kong Dormant	100	-

Notes:

- ^(*) Cost of investment is less than RM1,000.
⁽¹⁾ Audited by Crowe Horwath, Malaysia.
⁽²⁾ Audited by RSM Audit Services (Thailand) Limited, a member firm of RSM International of which RSM Chio Lim LLP, Singapore is a member.
⁽³⁾ Not audited, as immaterial.
⁽⁴⁾ Audited by RSM Chio Lim LLP, Singapore.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

Notes to the Financial Statements

31 December 2012

14. Investments in Subsidiaries (Cont'd)

Notes (Cont'd):

- (a) On 14 February 2012, Chaswood Resources Sdn. Bhd. ("Chaswood Malaysia"), a wholly-owned subsidiary of the Company incorporated four wholly-owned subsidiaries, namely Bistroyamericana (PM) Sdn. Bhd. ("BAPM"), Bistroyamericana (SA) Sdn. Bhd. ("BASA"), Bistroyjapan (PM) Sdn. Bhd. ("BJPM") and Bistroy Italiana (PM) Sdn. Bhd. ("BIPM") in Malaysia with an issued and paid-up share capital of RM2 each.

On 20 July 2012, BAPM and BJPM increased its issued and paid-up share capital from RM2 to RM500,000 and Chaswood Malaysia subscribed for all the additional shares issued for a total consideration of RM499,998 to retain its 100% equity interest.

On 27 July 2012, BASA increased its issued and paid-up share capital from RM2 to RM500,000 and Chaswood Malaysia subscribed for all the additional shares issued for a total consideration of RM499,998 to retain its 100% equity interest.

On 23 August 2012, BIPM increased its issued and paid-up share capital from RM2 to RM500,000 and Chaswood Malaysia subscribed for all the additional shares issued for a total consideration of RM499,998 to retain its 100% equity interest.

- (b) On 22 June 2012, the Company subscribed for a 49% stake in Chaswood Resources (Thailand) Co., Ltd. ("Chaswood Thailand"), a company incorporated in Thailand with an initial paid-up share capital of Baht 1,000,000 divided into 10,000 shares of Baht 100 each. On 21 July 2012 Chaswood Thailand increased its paid-up share capital to Baht 10,000,000 divided into 100,000 shares of Baht 100 each. The Company subscribed for 49% for a cash consideration of Baht 4,410,000 to retain its 49% equity interest.

The Group has an agreement with the other shareholder which owns the remaining voting shares. According to this agreement the other shareholder has agreed to always vote in the same way as the Group and that the Group is entitled to 90% of the profits. The nature of this agreement had resulted in the Group having the power to govern the financial and operating policies of this entity so as to obtain benefits from its activities.

Accordingly, management considers Chaswood Thailand as a subsidiary of the Group and the Group has consolidated 90% of the results of Chaswood Thailand in the Group's financial statements for the financial year just ended as the Group has virtually 90% of the economic interest in Chaswood Thailand.

- (c) On 28 June 2012, Chaswood Malaysia, a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary in Malaysia known as Bulgogi Brothers Restaurants Sdn. Bhd. in Malaysia with a paid-up share capital of RM2 representing the entire issued and paid-up capital.
- (d) On 12 October 2012, a 99% owned subsidiary PT Chaswood Resources ("Chaswood Indonesia") incorporated a subsidiary, PT Chaswood Resources Jakarta with an issued and paid-up share capital of USD300,000 comprising 300,000 shares of which Chaswood Indonesia controls 75% of the equity interest.
- (e) On 5 November 2012, the Company incorporated a wholly-owned subsidiary, Chaswood Global Pte. Ltd. ("Chaswood Global") in Singapore with a paid-up share capital of SGD100, representing the entire issued and paid-up capital.
- (f) On 8 November 2012, Chaswood Global, a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary, Chaswood Resources (HK) Private Limited ("Chaswood HK") with an issued and paid-up share capital of HKD1 comprising 1 share, representing the entire issued and paid-up capital of Chaswood HK.

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15. Other Assets, Non-Current

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits to secure services	<u>5,536</u>	<u>5,082</u>	<u>-</u>	<u>-</u>

16. Inventories

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Food and beverage	<u>2,886</u>	<u>2,772</u>	<u>-</u>	<u>-</u>
The amount of inventories included in cost of sales	<u>(47,514)</u>	<u>(39,319)</u>	<u>-</u>	<u>-</u>

There are no inventories pledged as security for liabilities.

17. Trade and Other Receivables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables:				
Outside parties	<u>2,118</u>	<u>2,427</u>	<u>-</u>	<u>-</u>
Other receivables:				
Outside parties	1,187	1,488	-	-
Subsidiaries (Note 3)	-	-	4,987	-
Subtotal	<u>1,187</u>	<u>1,488</u>	<u>4,987</u>	<u>-</u>
Total trade and other receivables	<u>3,305</u>	<u>3,915</u>	<u>4,987</u>	<u>-</u>

18. Other Assets

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Prepayments	1,882	2,986	18	494
Deposits to secure services	<u>3,170</u>	<u>2,697</u>	<u>-</u>	<u>-</u>
	<u>5,052</u>	<u>5,683</u>	<u>18</u>	<u>494</u>

Notes to the Financial Statements

31 December 2012

19. Cash and Cash Equivalents

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Not restricted in use	6,878	8,251	6	744
Restricted in use (a)	1,868	3,015	-	-
	<u>8,746</u>	<u>11,266</u>	<u>6</u>	<u>744</u>

The interest earning balances are not significant.

(a) This amount is pledged as security for bank borrowings obtained (Note 22).

The RTO Acquisition was completed in the current financial year and the net cash flows were as follows:

	Group 2012 RM'000
Consideration paid in shares (Note 20)	(10,311)
Net assets acquired	2,526
Goodwill arising from RTO	7,785
Cash consideration paid	-
Cash and cash equivalents acquired	4,499
Fair value of liabilities assumed	(1,973)
RTO expenses	(2,623)
Net cash paid upon completion of RTO	<u>(97)</u>

19A. Cash and Cash Equivalents in the Statement of Cash Flows:

	Group	
	2012 RM'000	2011 RM'000
Amount as shown above	8,746	11,266
Bank overdrafts (Note 22)	(928)	(2,802)
Cash restricted in use over 3 months	<u>(1,868)</u>	<u>(3,015)</u>
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u>5,950</u>	<u>5,449</u>

19B. Non-cash Transactions:

The equipment with a total cost of RM538,500 (2011 : RM600,450) was acquired by means of finance leases.

Notes to the Financial Statements

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20. Share Capital

	Number of issued shares In '000	Issued and paid up share capital RM'000
Group		
Ordinary shares of no par value:		
Balance at 1 January 2011 and 31 December 2011	202,618	3,000
Additional shares arising from RTO exercise	13,700	10,311
Issuance of new compliance shares	10,500	7,696
Share issuance expense	-	(231)
Balance as at 31 December 2012	<u>226,818</u>	<u>20,776</u>
Company		
Ordinary shares of no par value:		
Share capital as at 1 January 2012	137,000	979
Consideration shares issued pursuant to the Acquisition	<u>2,026,178</u>	<u>150,000</u>
Number of shares after the Acquisition	<u>2,163,178</u>	<u>150,979</u>
Total number of consolidation shares after the Acquisition and the post-acquisition consolidation of every 10 shares into 1 share but before compliance placement		
	216,318	150,979
Issuance of new compliance shares	10,500	7,696
Share issuance expense	-	(231)
Share capital as at 31 December 2012	<u>226,818</u>	<u>158,444</u>
Share capital as at 1 January 2011		
	125,000	35,299
Issuance of shares	12,000	875
Capital reduction	-	(35,195)
Share capital as at 31 December 2011	<u>137,000</u>	<u>979</u>

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

In order to maintain its listing on the Singapore Stock Exchange, the Company has to have share capital with at least a free float of 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury shares purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management received a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

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31 December 2012

20. Share Capital (Cont'd)

Capital Management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt/equity. Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2012 RM'000	2011 RM'000
Term loans	17,930	15,909
Finance lease payables	1,204	1,129
Bills payable	422	499
Bank overdrafts	928	2,802
	<u>20,484</u>	<u>20,339</u>
Less: Cash and cash equivalents	(8,746)	(11,266)
Net debts	<u>11,738</u>	<u>9,073</u>
Total equity	<u>46,377</u>	<u>40,023</u>
Debt-to-equity ratio	<u>0.253</u>	<u>0.227</u>

21. Translation Reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations where the functional currencies are different from the functional currency of the Company.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of the year	10	14	-	-
Net currency translation differences of net assets of foreign subsidiaries	153	(4)	178	-
At end of the year	<u>163</u>	<u>10</u>	<u>178</u>	<u>-</u>

Notes to the Financial Statements

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22. Other Financial Liabilities

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current:				
Bank borrowings (Note 22A)	11,655	8,268	-	-
Finance lease payables (Note 22B)	750	718	-	-
Non-current, total	<u>12,405</u>	<u>8,986</u>	<u>-</u>	<u>-</u>
Current:				
Bank borrowings (Note 22A)	6,275	7,641	-	-
Finance lease payables (Note 22B)	454	411	-	-
Bank overdrafts (secured) (Note 22C)	928	2,802	-	-
Bills payable (Note 22D)	422	499	-	-
	<u>8,079</u>	<u>11,353</u>	<u>-</u>	<u>-</u>

22A. Bank Borrowings

The bank borrowings are term loans that bore interest rates ranging from 4.7% to 8.4% (2011 : 5.5% to 8.4%) per annum.

The term loans at the end of the financial year are secured by:

- (i) Fixed and floating charges over all the present and future assets of certain subsidiaries; and
- (ii) Pledge of the fixed deposits with licensed banks of the Group.

Certain term loans are also covered by:

- (i) Joint and several guarantee of a director of the Company;
- (ii) Joint and several guarantees of two former directors of Chaswood Resources Sdn. Bhd.;
- (iii) Corporate guarantees of the Company, Chaswood Resources Sdn. Bhd. and Posh Corridor Sdn. Bhd. ("PCSB");
- (iv) 80% of a banking facility is covered by a guarantee of an agency of the Government of Malaysia; and
- (v) A legal charge over the buildings of the Group.

Callable term loans include an overriding payment on demand clause which gives lenders the right to demand repayment at any time, at their sole discretion irrespective of whether a default event has occurred. Callable term loans are classified as current liabilities in their entirety, irrespective of the probability that the lender will exercise the demand clause.

As at 31 December 2012, the amount due after more than one year which falls under the definition of callable term loans was RM1,113,000 (2011: RM1,320,000). This amount has been classified as current liabilities in the statement of financial position.

Management believes that the banks concerned will not exercise the demand clause on the callable loan agreements as the Group is unlikely to breach any of the default events. An analysis of the repayment amounts based on the repayment schedules in the loan agreements assuming the banks void the demand clause is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
- repayable between 2 to 5 years	495	599	-	-
- repayable after five years	618	721	-	-
	<u>1,113</u>	<u>1,320</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

31 December 2012

22. Other Financial Liabilities (Cont'd)

22A. Bank Borrowings (Cont'd)

Details of the repayment terms are as follows:-

Term Loans	Number Of Monthly Instalments	Monthly Instalment Amount RM	Commencement Date Of Repayment	Amount Outstanding	
				2012 RM'000	2011 RM'000
1	120	1,140	June 2005	32	42
2	120	1,140	November 2006	49	57
3	240	733	January 2007	79	82
4	240	745	May 2007	83	86
5	240	763	May 2007	79	82
6	240	763	July 2007	86	88
7	60	19,217	January 2008	220	427
8	60	23,216	March 2008	-	306
9	60	40,918	April 2008	-	548
10	60	19,347	April 2008	-	279
11	240	692	June 2008	77	80
12	240	752	June 2008	86	88
13	60	27,137	July 2008	465	725
14	60	20,907	July 2008	-	206
15	240	602	July 2008	68	70
16	240	751	July 2008	91	93
17	240	692	July 2008	78	81
18	240	602	August 2008	71	73
19	240	740	October 2008	86	89
20	60	23,541	April 2009	334	584
21	60	23,230	September 2009	506	718
22	60	15,954	January 2010	390	555
23	60	27,100	April 2010	708	972
24	48	41,355	April 2010	-	1,085
25	48	36,289	July 2010	-	1,051
26	60	23,228	October 2010	727	945
27	60	21,442	April 2011	753	949
28	60	19,710	April 2011	485	679
29	54	13,791	December 2011	505	630
30	54	34,478	December 2011	1,263	1,575
31	54	27,582	January 2012	1,179	1,280
32	54	32,075	February 2012	1,256	1,384
33	53	22,300	April 2013	713	-
34	53	28,500	April 2013	1,363	-
35	54	13,340	April 2013	400	-
36	60	36,039	April 2013	990	-
37	60	36,039	April 2013	1,160	-
38	53	26,200	April 2013	1,345	-
39	54	41,080	April 2013	1,452	-
40	54	34,710	April 2013	751	-
				<u>17,930</u>	<u>15,909</u>

Notes to the Financial Statements

31 December 2012

22. Other Financial Liabilities (Cont'd)

22B. Finance Lease Payables

	Minimum Payments RM'000	Finance Charges RM'000	Present Value RM'000
2012			
Minimum finance lease payments:			
- not later than one year	513	(59)	454
- later than one year and not later than five years	851	(101)	750
	<u>1,364</u>	<u>(160)</u>	<u>1,204</u>
2011			
Minimum finance lease payments:			
- not later than one year	473	(62)	411
- later than one year and not later than five years	817	(99)	718
	<u>1,290</u>	<u>(161)</u>	<u>1,129</u>

The hire purchase payables of the Group bore effective interest rates ranging from 4.7% to 7.8% (2011 : 5.6% to 8.0%) per annum.

Net book value of equipment under finance leases amounted to RM1,285,489 (2011: RM1,075,219).

The obligations under finance lease payables are secured by the lessor's charge over the leased assets.

22C. Bank Overdrafts

The bank overdrafts of the Group bore interest rates ranging from 7.6% to 7.9% (2011 : 7.6% to 9.1%) per annum and are secured by:

- (i) Fixed and floating charges over all the present and future assets of certain subsidiaries;
- (ii) Pledge of the fixed deposits with licensed banks;
- (iii) Joint and several guarantee of a director of the Company; and
- (iv) Corporate guarantees of Chaswood Resources Sdn. Bhd. and PCSB.

22D. Bills Payable

The bills payable of the Group bore a weighted average interest rate of 4.8% (2011 : 7.3%) per annum and are secured by the same securities as the bank overdrafts (Note 22C).

Notes to the Financial Statements

31 December 2012

23. Trade and Other Payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables:				
Outside parties	11,719	9,996	-	-
Other payables:				
Outside parties	13,070	8,187	27	1,234
Accruals	4,196	1,483	694	1,680
Sub-total	17,266	9,670	721	2,914
Total trade and other payables	28,985	19,666	721	2,914

24. Financial Instruments: Information on Financial Risks

24A. Classification of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the financial year by FRS 39 categories:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial assets:				
Cash and cash equivalents	8,746	11,266	6	744
Trade and other receivables	3,305	3,915	4,987	-
Other assets	8,706	7,779	-	-
At end of the year	20,757	22,960	4,993	744
Financial liabilities:				
All current and non-current borrowings including finance lease payables at amortised cost	20,484	20,339	-	-
Trade and other payables at amortised cost	28,985	19,666	721	2,914
At end of the year	49,469	40,005	721	2,914

Further quantitative disclosures are included throughout these financial statements.

Notes to the Financial Statements

31 December 2012

24. Financial Instruments: Information on Financial Risks (Cont'd)

24B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following good market practices.

24C. Fair Values of Financial Instruments

24C.1 Fair value of financial instruments stated at amortised cost in the statement of financial position

The financial assets and financial liabilities at amortised cost are at a carrying amount that is a reasonable approximation of fair value.

24D. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables, and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the financial year. Credit risk on cash balances with banks and any other financial instruments is limited because the counterparties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on customers, as the exposure is spread over a large number of counter-parties and customers.

Note 19 discloses the maturity of the cash and cash equivalents balances.

Due to the nature of the business, all trade receivables as at end of the financial year are aged less than 30 days.

Other receivables are normally with no fixed terms and therefore there is no maturity.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Notes to the Financial Statements

31 December 2012

24. Financial Instruments: Information on Financial Risks (Cont'd)

24E. Liquidity Risk

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

<u>Group</u>	Less than 1 year	1 - 5 years	Over 5 years	Total
Non-derivative financial liabilities:	RM'000	RM'000	RM'000	RM'000
<u>2012:</u>				
Gross borrowings commitments	7,327	12,923	842	21,092
Gross finance lease payables	513	851	-	1,364
Trade and other payables	28,985	-	-	28,985
At end of the year	<u>36,825</u>	<u>13,774</u>	<u>842</u>	<u>51,441</u>
<u>2011:</u>				
Gross borrowings commitments	10,479	10,011	1,021	21,511
Gross finance lease payables	473	817	-	1,290
Trade and other payables	19,666	-	-	19,666
At end of the year	<u>30,618</u>	<u>10,828</u>	<u>1,021</u>	<u>42,467</u>
<u>Company</u>				
Non-derivative financial liabilities:				
<u>2012:</u>				
Trade and other payables	721	-	-	721
At end of the year	<u>721</u>	<u>-</u>	<u>-</u>	<u>721</u>
<u>2011:</u>				
Trade and other payables	2,914	-	-	2,914
At end of the year	<u>2,914</u>	<u>-</u>	<u>-</u>	<u>2,914</u>

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 90 days. The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. Also see Note 3.1.

Notes to the Financial Statements

31 December 2012

24. Financial Instruments: Information on Financial Risks (Cont'd)

24F. Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2012 RM'000	2011 RM'000
Financial assets:		
Floating rates	<u>1,868</u>	<u>3,015</u>
Financial liabilities:		
Fixed rates	1,204	1,129
Floating rates	<u>19,280</u>	<u>19,210</u>
Total at end of the financial year	<u>20,484</u>	<u>20,339</u>

The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2012 RM'000	2011 RM'000
Financial liabilities:		
A hypothetical variation in interest rates by 10 basis points with all other variables held constant, would have a decrease in pre-tax profit for the year by	<u>19</u>	<u>19</u>

At Company level, the amounts are not significant and are therefore not disclosed.

24G. Foreign Currency Risks

Analysis of amounts denominated in non-functional currency.

Group

2012	United States Dollars RM'000	Total RM'000
Financial liabilities:		
Trade and other payables	1,436	1,436
Total financial liabilities	<u>1,436</u>	<u>1,436</u>

Notes to the Financial Statements

31 December 2012

24. Financial Instruments: Information on Financial Risks (Cont'd)

24G. Foreign Currency Risks (Cont'd)

Company

	Malaysia Ringgit RM'000	Total RM'000
2012		
Financial assets:		
Trade and other receivables	4,987	4,987
Total financial assets	<u>4,987</u>	<u>4,987</u>

There is exposure to foreign currency risk as part of its normal business. It is not expected to be significant.

25. Capital Commitments

Estimated amounts committed at the end of the financial year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2012 RM'000	2011 RM'000
Commitments to purchase equipment	1,600	3,200
Commitment to acquire intangible assets	<u>558</u>	<u>-</u>

26. Operating Lease Payment Commitments

At the end of the financial year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Not later than one year	19,632	16,334	-	-
Later than one year and not later than five years	<u>21,399</u>	<u>20,672</u>	<u>-</u>	<u>-</u>
	<u>41,031</u>	<u>37,006</u>	<u>-</u>	<u>-</u>
Rental expense for the year	<u>22,108</u>	<u>17,869</u>	<u>-</u>	<u>-</u>

Operating lease payments are for rentals payable for restaurants, offices, signage, storage, equipment and apartments. The lease rental terms are negotiated for periods between one and five years and certain rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

Notes to the Financial Statements

31 December 2012

27. Contingent Liabilities

	Group	
	2012	2011
	RM'000	RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	17,398	15,038

28. Significant Events during the Financial Year

- (a) In February 2012, Chaswood Malaysia, a wholly-owned subsidiary of the Company entered into international licensed agreements with ET and Zeus, Inc for the exclusive rights to develop and operate Bulgogi Brothers restaurants in Malaysia, Singapore, Thailand and Indonesia. The Company was granted the rights to develop 10 Bulgogi Brothers restaurants during the 10-year period from the effective date of the respective licensed agreements;
- (b) In March 2012, Chaswood Malaysia, a wholly-owned subsidiary of the Company entered into a non-binding memorandum of understanding ("MOU") with Paradise Group Holdings Pte. Ltd. ("Paradise Group") for the exclusive rights to develop and operate Paradise Dynasty restaurant in Thailand. Following the MOU, a master franchise agreement was entered into between the Company and Paradise Group on 13 September 2012 to secure the exclusive development rights to operate casual dining concepts of Paradise Group in Thailand during the 10-year period from 14 September 2012;
- (c) On 28 September 2012, PT Chaswood Resources ("Chaswood Indonesia"), a subsidiary of Chaswood Malaysia, entered into a development agreement (the "Agreement") with TGI Friday's Inc to secure the exclusive development rights to develop 5 T.G.I. Friday's restaurants in Indonesia during the period from 1 October 2012 to 30 November 2016 or the actual opening date of the last restaurant under the terms of the Agreement; and
- (d) On 9 November 2012, the Company formalised an agreement with ET and Zeus, Inc for the exclusive rights to open and manage 30 Bulgogi Brothers restaurants in Beijing, Shanghai, Guangdong and Hainan, China and 10 outlets in Ho Chi Minh and Hanoi, Vietnam by 2023.

29. Events after the End of the Financial Year

- (a) On 18 February 2013, the Company incorporated a wholly-owned subsidiary, Chaswood Sino Pte. Ltd. in Singapore with a paid-up share capital of SGD100 representing the entire issued and paid-up capital; and
- (b) On 11 March 2013, Bistroamericana (TG) Sdn. Bhd. increased its issued and paid-up share capital from RM500,000 to RM600,000 and Chaswood Malaysia subscribed for all the additional shares issued for a total consideration of RM100,000 to retain its 100% equity interest.

Notes to the Financial Statements

31 December 2012

30. Changes and Adoption of Financial Reporting Standards

For the financial year ended 31 December 2012 the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income
FRS 12	Deferred Tax (Amendments to) – Recovery of Underlying Assets (*)
FRS 107	Financial Instruments: Disclosures (Amendments to) - Transfers of Financial Assets (*)

(*) Not relevant to the entity.

31. Future Changes in Financial Reporting Standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)	1 Jan 2013
FRS 16	Amendment to IAS 16 Property, Plant and Equipment (Annual Improvements)	1 Jan 2013
FRS 19	Employee Benefits (Revised)	1 Jan 2013
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2012
FRS 27	Separate Financial Statements (Revised)	1 Jan 2014
FRS 28	Investments in Associates and Joint Ventures (Revised)	1 Jan 2014
FRS 32	Amendment to FRS 32 Financial instruments: Presentation (Annual Improvements)	1 Jan 2013
FRS 107	Amendments to FRS 32 and 107 titled Offsetting Financial Assets and Financial Liabilities	1 Jan 2013
FRS 110	Consolidated Financial Statements	1 Jan 2014
FRS 111	Joint Arrangements	1 Jan 2014
FRS 112	Disclosure of Interests in Other Entities	1 Jan 2014
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112	1 Jan 2014
FRS 113	Fair Value Measurements	1 Jan 2013
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine (*)	1 Jan 2013

(*) Not relevant to the entity.

Shareholders' Information

as at 15 March 2013

Issued and fully paid-up capital	:	S\$64,237,729
No. of shares issued	:	226,817,819
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not have any Treasury Shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO OF SHAREHOLDERS	%	NO OF SHARES	%
1 ~ 999	138	22.77	35,848	0.01
1,000 ~ 10,000	311	51.32	1,265,394	0.56
10,001 ~ 1,000,000	148	24.42	16,876,055	7.44
1,000,001 and above	9	1.49	208,640,522	91.99
Total	606	100.00	226,817,819	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DMG & PARTNERS SECURITIES PTE LTD	132,837,367	58.57
2	ANDREW ROACH REDDY	52,054,455	22.95
3	G1 INVESTMENTS PTE LTD	13,340,000	5.88
4	HSBC (SINGAPORE) NOMINEES PTE LTD	2,348,600	1.04
5	OCBC SECURITIES PRIVATE LTD	2,150,200	0.95
6	RAMESH S/O PRITAMDAS CHANDIRAMANI	1,665,000	0.73
7	CIMB SECURITIES (SINGAPORE) PTE LTD	1,660,000	0.73
8	ONG LAY SAN (WANG LISHAN)	1,530,000	0.67
9	NOMURA SINGAPORE LIMITED	1,054,900	0.47
10	HONG LEONG FINANCE NOMINEES PTE LTD	1,000,000	0.44
11	MAYBANK KIM ENG SECURITIES PTE LTD	906,355	0.40
12	UOB KAY HIAN PTE LTD	828,000	0.37
13	CITIBANK NOMINEES SINGAPORE PTE LTD	755,000	0.33
14	CHAI MING HUI (CAI MINGHUI)	700,000	0.31
15	FRIENDSHIP BRIDGE HOLDING COMPANY PTE LTD	623,000	0.27
16	SOH HAN CHUEN	500,000	0.22
17	PHILLIP SECURITIES PTE LTD	405,100	0.18
18	LIM TCHEN NAN	400,000	0.18
19	QUEK KAI SIONG (GUO JIEXIANG)	400,000	0.18
20	ABN AMRO CLEARING BANK N.V.	350,000	0.15
	TOTAL	215,507,977	95.02

Shareholders' Information

as at 15 March 2013

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 15 March 2013:

Name	Direct Interest	No. of Ordinary shares		%
		%	Indirect Interest	
Andrew Roach Reddy	52,054,455	22.95	-	-
G1 Investments Pte Ltd ⁽¹⁾	13,340,000	5.88	-	-
Blumont Group Ltd. ⁽¹⁾	-	-	13,340,000	5.88
Posh Corridor Sdn. Bhd. ^{(2) (3)}	-	-	141,463,367	62.37
Asiasons Capital Limited ⁽³⁾	-	-	141,463,367	62.37
Dragonrider Opportunity Fund L.P. ⁽⁴⁾	-	-	141,463,367	62.37
Asiasons Private Equity Inc. ⁽⁵⁾	-	-	141,463,367	62.37
Asiasons Investment Ltd. ⁽⁶⁾	-	-	141,463,367	62.37
Datuk Jared Lim Chih Li ^{(3) (7)}	-	-	141,463,367	62.37
Dato' Mohammed Azlan Bin Hashim ⁽³⁾⁽⁸⁾	-	-	141,463,367	62.37

Notes:

- (1) G1 Investments Pte Ltd. is a wholly owned subsidiary of Blumont Group Ltd.. By virtue of Section 7 of the Companies Act, Cap. 50, Blumont Group Ltd. is deemed to be interested in all the shares held by G1 Investments Pte. Ltd.
- (2) Posh Corridor Sdn. Bhd. is deemed interested in 128,123,367 shares held by DMG & Partners Securities Pte. Ltd. as nominee and 13,340,000 shares held by G1 Investments Pte. Ltd. due to an assignment of shares arrangement.
- (3) Posh Corridor Sdn. Bhd. is owned by Dragonrider Opportunity Fund L.P. (78.4%) and Asiasons Investment Ltd. (21.6%). Dragonrider Opportunity Fund L.P. is a fund managed by Asiasons Private Equity Inc. and a 28.6% associated company of Asiasons Capital Limited. Asiasons Private Equity Inc. and Asiasons Investment Ltd. are wholly owned subsidiaries of Asiasons Capital Limited. By virtue of Section 7 of the Companies Act, Cap. 50, Asiasons Capital Limited is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (4) Dragonrider Opportunity Fund L.P. has a 78.4% direct interest in Posh Corridor Sdn. Bhd.. By virtue of Section 7 of the Companies Act, Cap. 50, Dragonrider Opportunity Fund L.P. is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (5) Asiasons Private Equity Inc. is the general partner and fund manager of Dragonrider Opportunity Fund L.P.. By virtue of Section 7 of the Companies Act, Cap. 50, Asiasons Private Equity Inc. is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (6) Asiasons Investments Ltd has a 21.6% direct interest in Posh Corridor Sdn. Bhd.. By virtue of Section 7 of the Companies Act, Cap. 50, Asiasons Investments Ltd is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (7) Datuk Jared Lim Chih Li has a deemed interest of 38.6% in Asiasons Capital Limited. By virtue of Section 7 of the Companies Act, Cap. 50, he is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (8) Dato' Mohammed Azlan Bin Hashim has a deemed interest of 53.42% in Asiasons Capital Limited. By virtue of Section 7 of the Companies Act, Cap. 50, he is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..

FREE FLOAT

Based on the information available to the Company as at 15 March 2013, 14.68% of the issued share capital of the Company was held by the public. The Company is therefore in compliance with Rule 723 of SGX-ST Listing Manual Section B: Rules of Catalyst.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Chaswood Resources Holdings Ltd will be held at 70 Anson Road, #24-01 Hub Synergy Point, Singapore 079905 on Thursday, 25 April 2013 at 3.00 pm for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

- | | | |
|----|--|---------------------|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2012 together with the Directors' Report and Independent Auditors' Report thereon. | Resolution 1 |
| 2. | To approve the payment of Directors' fees of S\$120,000/- for the financial year ended 31 December 2012. | Resolution 2 |
| 3. | To approve the payment of Directors' fees of S\$185,000/- for the financial year ending 31 December 2013, payable quarterly in arrears. | Resolution 3 |
| 4. | To re-elect Mr Andrew Roach Reddy who is retiring under Article 89 of the Articles of Association of the Company and has offered himself for re-election.
<i>[See Explanatory Note 1]</i> | Resolution 4 |
| 5. | To re-elect Dato' Mohammed Azlan bin Hashim who is retiring under Article 88 of the Articles of Association of the Company and has offered himself for re-election.
<i>[See Explanatory Note 2]</i> | Resolution 5 |
| 6. | To re-elect Mr Christopher John McAuliffe who is retiring under Article 88 of the Articles of Association of the Company and has offered himself for re-election.
<i>[See Explanatory Note 3]</i> | Resolution 6 |
| 7. | To re-elect Mr Ng Teck Sim Colin who is retiring under Article 88 of the Articles of Association of the Company and has offered himself for re-election.
<i>[See Explanatory Note 4]</i> | Resolution 7 |
| 8. | To re-appoint Messrs RSM Chio Lim LLP, Certified Public Accountants, as Independent Auditors of the Company for the financial year ending 31 December 2013 and to authorise the Directors to fix their remuneration. | Resolution 8 |
| 9. | To transact any other ordinary business which may be properly transacted at an Annual General Meeting. | |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution.

10. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Singapore Exchange Securities Trading Limited Listing ("SGX-ST") Manual Section B: Rules of Catalist (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

Notice of Annual General Meeting

- (A) (i) issue shares in the Company ("shares") whether by way of bonus issue, rights issue or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (a) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below):
- (b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares shall be based on the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities;
- (ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (iii) any subsequent consolidation or subdivision of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

Notice of Annual General Meeting

- (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company 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 5]

Resolution 9

BY ORDER OF THE BOARD

LOW SIEW TIAN
Company Secretary

10 April 2013
Singapore

Explanatory Notes:

Ordinary Business

1. Mr Andrew Roach Reddy will upon re-election as a Director, remain as the Managing Director of the Company.
2. Dato' Mohammed Azlan bin Hashim will upon re-election as a Director, remain as the Chairman of the Board and members of the Audit, Nominating and Remuneration Committees of the Company.
3. Mr Christopher John McAuliffe will upon re-election as a Director, remain as the Chairman of the Nominating Committee and members of the Audit and Remuneration Committees of the Company. He will be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist.
4. Mr Ng Teck Sim Colin will upon re-election as a Director, remain as the Chairman of the Audit and Remuneration Committees and also a member of the Nominating Committee of the Company. He will be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist.

Special Business

5. The Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding in total, 100% of the total number of issued shares in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to the shareholders.

Notice of Annual General Meeting

Notes:

- i. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- ii. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- iii. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body, such persons as it thinks fit to act as its representative at the meeting.
- iv. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

PROXY FORM

(Please see notes overleaf before completing this Form)

CHASWOOD RESOURCES HOLDINGS LTD

(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy Chaswood Resources Holdings Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____ (Name) NRIC/Passport No. _____

of _____ (Address)

being a member/members of the above-mentioned Company, hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 70 Anson Road, #24-01 Hub Synergy Point, Singapore 079905 on Thursday, 25 April 2013 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with an "X" within the box provided)

No	Resolutions relating to:	For	Against
	Ordinary Business		
1.	To receive and adopt the Audited Financial Statements, Directors' Report and Independent Auditors' Report for the year ended 31 December 2012.		
2.	To approve payment of Directors' Fees of S\$120,000/- for the financial year ended 31 December 2012.		
3.	To approve payment of Directors' Fees of S\$185,000/- for the financial year ending 31 December 2013, payable quarterly in arrears.		
4.	To re-elect Mr Andrew Roach Reddy.		
5.	To re-elect Dato' Mohammed Azlan bin Hashim.		
6.	To re-elect Mr Christopher John McAuliffe		
7.	To re-elect Mr Ng Teck Sim Colin		
8.	To re-appoint Messrs RSM Chio Lim LLP as Independent Auditors of the Company and to authorize the Directors to fix their remuneration.		
	Special Business		
9.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap.50		

Dated _____ day of _____ 2013

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

Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder

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 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first-named proxy shall be deemed to represent 100 per cent of his/her shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the registered office of the Company at 80 Robinson Road, #02-00 Singapore 068898 not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the Meeting.

GENERAL:

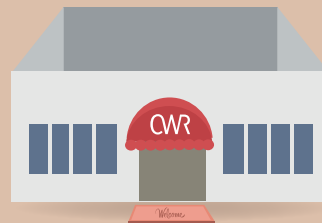
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



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IS MADE FOR
DEBAUCHERY

CHASWOOD RESOURCES
HOLDINGS LTD.

80 Robinson Road, #02-00
Singapore 068898
Phone: (65) 6236 3333
Fax: (65) 6236 4399



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restaurant & bar



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