

# 同乐



# Contents

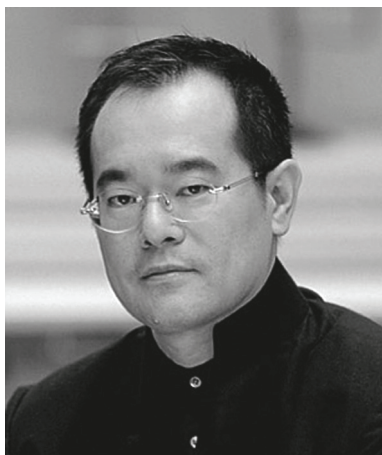
Chairman’s Statement	2
Corporate Information	4
Historical Financial Summary	5
Board of Directors	6
Management Team	8
Corporate Governance Report	9
Report of the Directors	24
Statement of Directors	27
Independent Auditors’ Report	28
Statements of Financial Position	29
Consolidated Statement of Comprehensive Income	30
Statements of Changes in Equity	31
Consolidated Statement of Cash Flows	32
Notes to Financial Statements	35
Statistics of Shareholdings	84
Notice of 13th Annual General Meeting	86
Appendix to Notice of Annual General Meeting	90
Proxy Form	109

This annual report has been reviewed by the Company’s sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**Exchange**”). The Company’s Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the Exchange and the Exchange assumes 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.

The details of the contact person for the Sponsor are: -  
Name: Mr Ong Hwee Li (Registered Professional, SAC Capital Private Limited)  
Address: 1 Robinson Road, #21-02 AIA Tower, Singapore 048542  
Tel: 6221 5590

# Chairman's Statement



Dear Shareholders,

The financial year ended 31 March 2013 (“**FY13**”) was a challenging year for Tung Lok Restaurants (2000) Ltd (“**Tung Lok**” or the “**Group**”). The competitive landscape of the food and beverage (“**F&B**”) industry in Singapore, manpower shortage, rising operating costs due to inflation and cautious consumer spending had combined a detrimental impact on the business and the financial results for the year under review.

## FINANCIAL PERFORMANCE

Revenue for FY13 decreased by S\$5.1 million to S\$81.5 million from S\$86.6 million for the year ended 31 March 2012 (“**FY12**”). This was mainly due to closure of six outlets in FY12, a year when these same outlets had contributed S\$16.2 million to the Group’s revenue. Three of these six outlets were key revenue contributors and were closed as the premises had been earmarked for redevelopment. However, this was partially offset by increase in revenue contributions by new outlets opened during FY12 and FY13 as well as improved performance from other existing outlets and catering sales.

Tung Lok has managed to maintain a gross profit margin of 71.6% in FY13. However, gross profit decreased by S\$3.6 million to S\$58.4 million in FY13 from S\$62.0 million in FY12, in line with the decline in revenue.

The Group reported a net loss of S\$3.6 million in FY13 compared to a net loss of S\$2.3 million in FY12. The bottom-line was impacted by start-up costs incurred by five new outlets opened during FY12 and FY13 which are still in gestation period. The Group would have reported a net loss of S\$0.9 million if these five outlets had not been included.

Administrative expenses, mainly related to manpower, declined by S\$0.8 million or 2% to S\$30.1 million in FY13 from S\$30.9 million in FY12. The number of employees over the comparative periods has been reduced by 14% due to the closure of several outlets and ongoing manpower shortages. However, the average manpower cost per head rose 14% in FY13 compared to FY12 due to increases in salaries, foreign worker levies and Central Provident Fund rates.

Other operating expenses lowered by S\$0.2 million or 0.5% to S\$34.6 million in FY13 from S\$34.8 million in FY12, mainly due to the S\$0.3 million reduction in rental expenses resulting from the closure of several outlets, the lower impairment loss of plant and equipment by S\$1.0 million and lower loss on disposal of plant and equipment of S\$0.2 million. These were offset by higher depreciation expenses of S\$0.8 million from acquisitions of new assets during

the year, higher credit card commissions of S\$0.1 million, and penalty of S\$0.4 million arising from early lease termination.

Share of associates' results has reversed from a loss of S\$0.4 million in FY12 to a profit due to improved performance of these associates, while share of joint venture's profit increased 25% to S\$0.2 million.

The Group's total assets increased by S\$1.5 million to S\$35.4 million in FY13 from S\$33.9 million in FY12 mainly due to increase in property, plant and equipment amounting to S\$2.9 million, higher trade and other receivables of S\$0.4 million, offset by lower cash and bank balances of S\$1.8 million.

Total liabilities increased by S\$5.0 million to S\$30.9 million in FY13 from S\$25.9 million in FY12 as a result of additional bank borrowings of S\$2.2 million, higher trade and other payables of S\$3.4 million, offset by decrease in deferred tax liabilities of S\$0.6 million.

Tung Lok's cash and cash equivalents stood at S\$9.3 million as at 31 March 2013, S\$1.9 million lower than S\$11.2 million as at 31 March 2012. The reduction of the cash and bank balance is mainly due to lower sales revenue and higher cash outlays for acquisition of plant and equipment for new outlets and office in FY13.

The Group registered loss per share of 2.26 Singapore cents in FY13 compared to loss per share of 1.28 cents in FY12 while net asset value per share decreased to 2.99 cents as at 31 March 2013 compared to 5.25 cents as at 31 March 2012.

## OPERATIONS

As of 31 March 2013, the Group operated a total of 38 outlets comprising 25 of the Group's own restaurants, 7 at associate or joint-venture level and 6 others under management. These include the three newly opened outlets – *Modern Asian Diner*, *Tung Lok XiHe Peking Duck* and *Ming - Dine and Chill*.

During the year under review, the Group won several Gold Awards in the 7th World Championship of Chinese Cuisine 2012 organised by the highly regarded World Association of Chinese Cuisine. Tong Le Private Dining was also awarded the *Best New Restaurant (Asian)* in the G Restaurant Awards. Tung Lok also won the Singapore Prestige Brand Award for Regional Brand 2012.

## OUTLOOK AND FORWARD STRATEGY

Tung Lok expects the F&B industry to remain challenging both locally and overseas, however, we believe that opportunities will continue to present themselves. We will capitalise on our strong brand name and solid experience to put it in good stead to withstand the various challenges.

As we continue to strengthen our existing portfolio of restaurants and expand prudently by increasing our global presence and footprint through partnering with reputable international players, we are also constantly seeking to improve operational efficiency and maintain high standards of service through innovations such as e-menu ordering and continuous staff training.

We aim to create strong brand loyalty by delivering an unparalleled customer service and dining experience to our patrons.

The Group intends to strengthen its catering businesses whereby reliance in labour are lower, in response to rising costs and wages and manpower shortage issues.

## BOARD AND MANAGEMENT APPOINTMENTS

On 31 May 2013, Dr Tan Eng Liang, who is currently an Independent Director and the Audit and Risk Committee Chairman of the Company, was appointed as the Lead Independent Director of the Company.

We would like to extend our gratitude to Mr Ricky Ng who stepped down as Chief Operating Officer on 26 June 2013, for his invaluable support and contributions during his tenure with the Company. We wish him the best in his future endeavours as he pursues other career opportunities.

## ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the directors, I would like to thank the management and staff for their commitment and hard work. I extend my sincere appreciation to all our valued shareholders, bankers, customers, partners and colleagues for your continuing support.

**Andrew Tjioe**  
**Executive Chairman**  
**27 June 2013**

# Corporate Information

## BOARD OF DIRECTORS

### Mr Tjioe Ka Men

Executive Chairman

### Ms Tjioe Ka In

Executive Director

### Dr Ker Sin Tze

Independent Director

### Dr Tan Eng Liang

Lead Independent Director

### Mr Ch'ng Jit Koon

Independent Director

### Mr Wee Kheng Jin

Non-Independent and Non-Executive Director

### Mr Goi Seng Hui

Non-Independent and Non-Executive Director

## AUDIT AND RISK COMMITTEE

Dr Tan Eng Liang (Chairman)

Dr Ker Sin Tze

Mr Ch'ng Jit Koon

Mr Wee Kheng Jin

Mr Goi Seng Hui

## NOMINATING COMMITTEE

Dr Ker Sin Tze (Chairman)

Dr Tan Eng Liang

Mr Ch'ng Jit Koon

Mr Goi Seng Hui

Mr Tjioe Ka Men

## REMUNERATION COMMITTEE

Mr Ch'ng Jit Koon (Chairman)

Dr Tan Eng Liang

Dr Ker Sin Tze

Mr Wee Kheng Jin

## COMPANY SECRETARY

Chan Wai Teng Priscilla

## REGISTERED OFFICE

1 Sophia Road #05-03

Peace Centre

Singapore 228149

Tel: 6337 1712

Fax: 6337 4225

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

### M & C Services Private Limited

112 Robinson Road #05-01

Singapore 068902

## AUDITORS

### Deloitte & Touche LLP

6 Shenton Way Tower Two #32-00

Singapore 068809

Partner in charge: **Cheng Ai Phing**

Date of appointment: 23 July 2010

## PRINCIPAL BANKERS

United Overseas Bank Ltd

Standard Chartered Bank

The Hong Kong and Shanghai Banking Corporation Limited

Development Bank of Singapore Limited

# Historical Financial Summary

## OPERATING RESULTS FOR THE GROUP

S\$'000	FY2009 Restated*	FY2010	FY2011	FY2012	<b>FY2013</b>
Turnover	73,428	81,343	94,304	86,640	<b>81,545</b>
Profit/(Loss) before tax and share of profit/(loss) of joint ventures & associates	228	1,416	4,294	(1,883)	<b>(4,515)</b>
Share of profit/(loss) of joint ventures & associates	(2,481)	(136)	394	(265)	<b>190</b>
Taxation	(323)	(555)	(748)	(163)	<b>717</b>
Profit/(Loss) after taxation but before non-controlling interests	(2,576)	725	3,940	(2,311)	<b>(3,608)</b>
Profit/(Loss) attributable to owners of the company	(2,685)	650	4,060	(1,795)	<b>(3,169)</b>

## FINANCIAL POSITION FOR THE GROUP

S\$'000	31 Mar 2009 Restated*	31 Mar 2010	31 Mar 2011	31 Mar 2012	<b>31 Mar 2013</b>
Property, plant and equipment	11,194	13,639	12,103	14,872	<b>17,773</b>
Other intangible asset	52	32	12	-	-
Goodwill on consolidation	204	-	-	-	-
Current assets	13,808	20,246	22,467	15,769	<b>15,003</b>
Other non-current assets	1,976	2,168	3,051	3,227	<b>2,631</b>
<b>Total assets</b>	<b>27,234</b>	<b>36,085</b>	<b>37,633</b>	33,868	<b>35,407</b>
Current liabilities	18,608	23,421	21,837	18,990	<b>24,302</b>
Non-current liabilities	2,634	5,916	5,375	6,918	<b>6,669</b>
Shareholders' equity	4,855	5,714	9,862	7,342	<b>4,179</b>
Non-controlling interests	1,137	1,034	559	618	<b>257</b>
<b>Total liabilities and equity</b>	<b>27,234</b>	<b>36,085</b>	<b>37,633</b>	33,868	<b>35,407</b>
NTA per share (cents)	3.29	4.06	7.04	5.24	<b>2.99</b>

### NOTE

\* The restated financials in 2009 was due to the implementation of INT FRS 113 - Customer Loyalty Programmes in 2010.

# Board of Directors

**ANDREW TJIOE KA MEN** was appointed to the Board on 28 September 2000, and is a Member of the Nominating Committee. In July 2006, he was appointed as Executive Chairman, and continues to spearhead the Group's overall direction. He founded Tung Lok Shark's Fin Restaurant Pte Ltd in 1984. He has since established a chain of reputable restaurants in Singapore, Indonesia, Japan, China and India, and continues to lead the Group from strength to strength.

In 2006, Mr Tjioe was named the *Hospitality Entrepreneur of the Year* in the Hospitality Asia Platinum Awards Singapore Series 2006-07. In 2008, he was honoured with the *International Star Diamond Lifetime Achievement Award* from the New York-based American Academy of Hospitality Sciences, which is regarded as the 'Oscars' of the service sector. At the World Gourmet Summit Awards of Excellence 2011, Mr Tjioe was named *Restaurateur of the Year (Regional Category)*. He was the winner of *Ernst & Young's Entrepreneur Of The Year Award 2011 (Lifestyle category)*, and also the recipient of the *Epicure Excellence Award 2013*.

Mr Tjioe is currently the President of the Restaurant Association of Singapore (RAS); a member of the Board of Directors of the SHATEC Institute, which is the educational institute of the Singapore Hotel Association (SHA); as well as a committee member of the Franchising and Licensing Association of Singapore.

Mr Tjioe is a graduate in Business Administration from Oklahoma State University, USA.

**TJIOE KA IN** was appointed to the Board on 1 March 2001 and was last re-elected on 30 July 2012. She joined Tung Lok Group in 1988 and is currently the Executive Director of the Group. Her primary responsibilities include strategic planning and ensuring smooth operations of Tung Lok restaurants.

Ms Tjioe is instrumental in the operations of Tung Lok's Central Kitchen, which concentrates on the production of gourmet dim sum and snacks for both local and export markets, premium mooncakes and festive goodies such as nian gao and Chinese pastries. Her responsibilities include product development and planning. Ms Tjioe is also a certified trainer in several industry related courses and contributes actively towards industry training.

Ms Tjioe holds a Bachelor of Science Degree in Hotel and Restaurant Management from Oklahoma State University, USA.

She is presently a member of the Ulu Pandan Community Club Management Committee.

**DR TAN ENG LIANG** was appointed as an Independent Director of our Company on 1 March 2001 and was last re-appointed on 30 July 2012. He is the Chairman of the Audit and Risk Committee and also a Member of the Nominating Committee and Remuneration Committee. Dr Tan was appointed the Lead Independent Director on 31 May 2013. Dr Tan was a Member of Parliament from 1972 to 1980, the Senior Minister of State for National Development from 1975 to 1978 and Senior Minister of State for Finance from 1978 to 1979. He also served as the Chairman of the Urban Redevelopment Authority, Singapore Quality & Reliability Association and the Singapore Sports Council. Dr Tan has a Doctorate from Oxford University, England. Dr Tan was awarded the Public Service Star (BBM), Public Service Star (BAR) and the Meritorious Service Medal by the Singapore Government. Dr Tan is also a director of the following public listed companies: Sunmoon Food Company Ltd, Progen Holdings Ltd, Sapphire Corporation Limited, United Engineers Ltd, Hartawan Holdings Limited, HG Metal Manufacturing Limited and UE E&C Limited.

**DR KER SIN TZE** was appointed as an Independent Director on 1 March 2001 and was last re-elected on 29 July 2011. He will seek re-election at the forthcoming Annual General Meeting. He is the Chairman of the Nominating Committee, and also a Member of the Audit and Risk Committee and Remuneration Committee. He holds a Bachelor of Commerce degree from Nanyang University, M.A. (Economics) and Ph.D (Economics) degree from the University of Manitoba, Canada. He lectured at the then University of Singapore from 1974 to 1980. He joined Liang Court Pte Ltd as Managing Director in 1980 until September 1991. In September 1990, he was appointed as the Executive Chairman of Superior Multi-Packaging Limited (formerly known as Superior Metal Printing Limited), a public listed company. In August 1991, Dr Ker was elected to Parliament. He resigned from Liang Court Pte Ltd and Superior Multi-Packaging Limited at the end of 1991 to take up his appointment as Minister of State for Information and the Arts and Minister of State for Education in January 1992. He resigned from his government posts and returned to the private sector in September 1994. He served as Member of Parliament (1991-2001), Trade Representative of Singapore in Taipei (2002-2007) and Consul-General of Singapore Consulate in Hong Kong (2008-2012).

**CH'NG JIT KOON** was appointed as an Independent Director of our Company on 20 December 2002 and was last re-appointed on 30 July 2012. He is the Chairman of the Remuneration Committee and is also a Member of the Audit and Risk Committee and the Nominating Committee. Mr Ch'ng also serves in several other public listed companies in Singapore such as Pan-United Corporation Ltd, Ho Bee Investment Limited, Progen Holdings Ltd and Santak Holdings Limited. Mr Ch'ng was a Member of Singapore Parliament from 1968 to 1996. He was holding the post of Senior Minister of State when he retired in January 1997. Mr Ch'ng currently serves in several voluntary community organizations.

**WEE KHENG JIN** was appointed as a Non-Executive Director of our Company on 1 September 2010 and was last re-elected on 30 July 2012. He is a Member of the Audit and Risk Committee and Remuneration Committee. Mr Wee is currently an Executive Director of Far East Organization. He holds a Bachelor of Accountancy from the University of Singapore. Prior to joining Far East Organization in February 2000, he worked in various positions in Citigroup for 16 years including several years as its Country Financial Controller and board member of Citicorp Investment Bank Singapore Limited. He is currently on the board of Yeo Hiap Seng Limited and Parkson Retail Asia Limited. He also holds directorship in several other private companies involved in real estate related activities and hospitality services.

**GOI SENG HUI** was appointed as a Non-Executive Director of our Company on 23 June 2011 and was last re-elected on 29 July 2011. He will seek re-election at the forthcoming Annual General Meeting. He is a Member of the Audit and Risk Committee and Nominating Committee. Mr Goi is currently the Executive Chairman of Tee Yih Jia Group (a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China), and Yangzhou Junhe Real Estate Group (a growing property development company in China). Apart from these core businesses, Mr Goi has investments across a range of listed and private entities in numerous industries, such as food and beverage, consumer essentials, recycling, mobile and web solutions, distribution and logistics. Mr Goi also serves on the board of other Mainboard-listed companies – as Non-Executive Chairman of GSH Corporation Limited, Vice-Chairman of Super Group Limited, Vice-Chairman of Etika International Holdings Ltd, and Vice-Chairman of JB Foods Limited.

Mr Goi is also the Enterprise 50 Club's Honorary Past President and Vice Chairman of IE Singapore's "Network China" Steering Committee, Regional Representative for Fuzhou City and Fujian Province, council member of the Singapore-Zhejiang Economic & Trade Council, as well as Senior Consultant to Su-Tong Science & Technology Park. He is currently the Honorary Chairman for the International Federation of Fuqing Association, and a member of the Singapore University of Technology and Design (SUTD) Board of Trustees, and Chairman of Dunman High School Advisory Committee and Ulu Pandan Citizens Consultative Committee.



# Management Team

## **TIONG HENG TEE**

*Chief Financial Officer*

Heng Tee, a Certified Public Accountant with The Institute of Certified Public Accountants of Singapore (ICPAS), joined the Group in 2012. Armed with more than 16 years of post-graduation experience in both private and public-listed companies in Singapore, he is responsible for providing strategic direction for the finance team and oversees all key financial matters of the Group. Heng Tee holds a Bachelor of Accountancy from Nanyang Technological University of Singapore.

## **JOCELYN TJIOE**

*Senior Vice President, Administration*

A diploma graduate in Business Studies from Ngee Ann Polytechnic, Jocelyn is armed with many years of experience in purchasing and administration. In her current capacity as Senior Vice President, Jocelyn ensures the constant and prompt supply of quality products and materials crucial to the operations of the restaurants. She also oversees the Administrative function of the Group.

## **VINCENT PHANG**

*Senior Vice President, Event and Catering*

Vincent joined the Group in 1998. With a career spanning of 26 years, he had worked in various hotels from Boulevard Hotel to Le Meridien Singapore, as well as Fort Canning Country Club. In his current capacity, Vincent is responsible for the overall event and catering operations of the Group. A graduate from SHATEC, he also holds various certificates from the American Hotels & Motels Association, Premier Sales & Marketing for hospitality professionals from Asia Connect & HSMIA Asia Pacific and 'More Sales Thru Service Excellence' from the Marketing Institute of Singapore. At the Singapore Excellent Service Award 2004 organised by Spring Singapore and Singapore Tourism Board, Vincent was presented with the Star Award for his outstanding contribution and commitment to providing top quality service.

## **CAROLYN TAN**

*Senior Vice President, Marketing & Corporate Communications*

Carolyn joined the Group in 2002 as Marketing Communications Manager. Armed with years of experience in the marketing communications field, mainly from the hotel industry, her past employments include top hotel chains such as Westin, Hyatt, Holiday Inn, Raffles and Millennium & Copthorne International. In 2003, she was promoted to Director of Marketing, and in 2007, was appointed Vice President - Marketing & Corporate Communications. In her current capacity as Senior Vice President, she is in charge of the Marketing, Communications, Loyalty Programme, and Graphics Design teams, spearheading

the marketing, promotional, public relations, and membership activities of the Group. She is also responsible for strategising plans to maintain the corporate and brand identity of the Group, as well as handling Special Projects. Carolyn holds a Bachelor of Arts in Mass Communications from the Royal Melbourne Institute of Technology.

## **CHUA POH YORK**

*Senior Vice President, Operations*

Poh York joined the Group in 1985 as Assistant Manager of Tung Lok Restaurant. Subsequently, she became General Manager of Paramount Restaurant in 1993. In her current capacity as Senior Vice President, Operations, she manages and oversees the daily operations of Tung Lok Seafood and Shin Yeh, as well as spearheads the implementation of the 5-S system to improve workplace organization in the Group's restaurants, and mentoring younger managers.

## **SHERINE TOH**

*Senior Vice President, Human Resource & Training*

Sherine joined the Group in 2012 taking care of Human Resource and Training. She brought along with her more than 20 years of experience in the professional field of Human Resource and People Development. Prior to joining the Group, her past employers include City Developments Limited, Jurong Port, and The Singapore Technologies Group. A veteran in human resource, strategic planning and organisation development; she has rich experience and strength in the human capital practices. Sherine holds a Bachelor of Commence degree by National University of Ireland and a Master of Science in Human Resource Management conferred by The Rutgers, State University of New Jersey.

## **WOODY ACHUTHAN**

*Senior Vice President, Customer Relationship*

Woody re-joined the Group in April 2013 handling customer relationship management and service excellence. Prior to joining the Group, he was with United Airlines as its Onboard Services-Chief Purser and Instructor based in Singapore. During his fifteen years' service with United Airlines, he taught trainees on service excellence, food and beverage presentation skills, onboard marketing, and product offering, amongst other training programmes. His personal achievements include the "Five Star Diamond Award", "Most Valuable Player Corporate Award", as well as Employee of the Year 1998.

# Corporate Governance Report

**TUNG LOK RESTAURANTS (2000) LTD** (the “**Company**”) is committed to ensure and maintain a high standard of corporate governance with a view of enhancing corporate transparency and safeguarding interests of the shareholders, and seeks to comply with the Code of Corporate Governance 2005 (the “**Code**”) wherever feasible. The Company is reviewing the recent revisions to the Code as issued by the Monetary Authority of Singapore on 2 May 2012 and will take steps to comply with the revised Code, where applicable. This report describes the corporate governance framework and practices of the Company for the financial year ended 31 March 2013 (“**FY 2013**”) with specific reference made to the principles and guidelines of the Code.

## Principle 1: The Board’s Conduct of Affairs

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

Guidelines of the Code	Tung Lok’s Corporate Governance practices
1.1 The Board’s role	<p>The Board is accountable to the shareholders and oversees the overall management of the business and affairs of the Group, including providing leadership and supervision to the management of the Group so as to protect and enhance long-term value and returns for its shareholders.</p> <p>Besides carrying out its statutory responsibilities, the Board’s principal responsibilities include:</p> <ol style="list-style-type: none"> <li>(1) guide the formulation of strategic directions, financial plans and major corporate policies;</li> <li>(2) monitor and review Group’s financial and operating performance;</li> <li>(3) oversee the process of evaluating adequacy of internal controls (comprising internal financial controls, operational and compliance controls) and risk management policies and systems;</li> <li>(4) approve major investment and divestment proposals, material acquisitions and disposals of assets (exceeding S\$200,000/-), corporate or financial restructuring and share issuances;</li> <li>(5) assume responsibilities for good corporate governance practices; and</li> <li>(6) approve the release of the financial results and annual report of the Group to shareholders.</li> </ol>
1.2 Board to objectively take decisions in the interests of the Company	<p>The Board is obliged to act in good faith and objectively take decisions in the interest of the Company.</p>
1.3 Delegation of authority on certain Board matters	<p>To facilitate effective management, certain functions have been delegated to various Board Committees, namely the Nominating Committee (“<b>NC</b>”), Remuneration Committee (“<b>RC</b>”) and Audit and Risk Committee (“<b>ARC</b>”), each of which has its own defined scope of duties and written terms of reference setting out the manner in which it is to operate. The Chairman of the respective Committees will report to the Board the outcome of the committee meetings. Minutes of the Board Committee meetings are made available to all Board members. The terms of reference and composition of each Board Committee can be found in this report. The effectiveness of each Board Committee is also constantly reviewed by the Board.</p>
1.4 Board to meet regularly	<p>The Board conducts regular scheduled meetings. Additional or ad-hoc meetings are convened in circumstances deemed appropriate by the Board members. Board papers incorporating sufficient information from management are forwarded to the Board Members in advance of a Board Meeting to enable each member to be adequately prepared.</p> <p>The Company’s Articles of Association (the “<b>Article</b>”) allow a board meeting to be conducted by way of tele-conference or by means of a similar communication equipment through which all persons participating in the meeting can communicate with each others simultaneously and instantaneously. At the Board meeting, the directors are free to discuss and openly challenge the views presented by Management and the other directors.</p> <p>In lieu of physical meetings, written resolutions are circulated for approval by members of the Board. The frequency of meetings and attendance of each director at every board and board committee meeting for the financial year ended 31 March 2013, are disclosed below:-</p>

# Corporate Governance Report

ATTENDANCE AT BOARD & BOARD COMMITTEE MEETINGS								
Directors	Board		Audit		Nominating		Remuneration	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings+	Attendance
Tjioe Ka Men	4	4	NA	NA	1	1	NA	NA
Tjioe Ka In	4	4	NA	NA	NA	NA	NA	NA
Tan Eng Liang #	4	4	4	4	1	1	1	1
Ker Sin Tze	4	4	4	4	1	1	1	1
Ch'ng Jit Koon *	4	4	4	4	1	1	1	1
Goi Seng Hui	4	3	4	3	1	1	NA	NA
Wee Kheng Jin	4	4	4	4	NA	NA	1	1

NA – not applicable.

# Dr Tan Eng Liang was appointed as Lead Independent Director on 31 May 2013.

\* Mr Ch'ng Jit Koon ("Mr Ch'ng"), an Independent Non-Executive Director, who retires at the conclusion of the AGM to be held on 30 July 2013 pursuant to Section 153(6) of the Companies Act, Cap. 50, and although eligible, has indicated that he is not offering himself for re-appointment. Accordingly, Mr Ch'ng shall ipso facto cease as the Chairman of the Remuneration Committee and a member of the Audit & Risk Committee and Nominating Committee. The Board is currently actively sourcing for an Independent Non-Executive Director to fill the vacancies in the Board and the respective committees which will arise following Mr Ch'ng's retirement.

1.5 Matters requiring Board approval	Matters which are specifically reserved for decision by the full Board include those involving material acquisitions and disposals of assets, corporate or financial restructuring and share issuance, interim dividends and other returns to shareholders, and substantial transactions which have a material effect on the Group. Specific Board approval is required for any investments or expenditure exceeding S\$200,000/-.
1.6 and 1.7 Directors to receive appropriate training; Formal letter to be provided to directors, setting out duties and obligations upon appointment	<p>New directors, upon appointment, are briefed on the Group's structure, businesses, governance policies and regulatory issues. The Executive Chairman ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognizant of the affairs of the Group.</p> <p>From time to time, the Company's internal and external auditors, legal advisors, financial advisors and the Company Secretary will advise the directors or if necessary, conduct briefings to the directors on relevant regulations, new accounting standards and corporate governance practices as well as updates on any changes in the Companies Act and the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. Directors also have the opportunities to visit the Group's operation facilities in order to have a better understanding of its business operations.</p>
1.8 First-time directors to receive training in areas such as accounting, legal and industry specific knowledge	The Company has available budget for directors to receive further relevant training in connection with their duties. Relevant courses include programmes conducted by the Singapore Institute of Directors or other training institutions. Directors and senior executives are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's operations.

## Principle 2: Board Composition and Balance

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

# Corporate Governance Report

<p>2.1 Independent directors to make up one-third of the Board</p>	<p>The Board comprises seven (7) directors, of whom two (2) are executive directors, three (3) are independent and non-executive directors and two (2) are non-independent and non-executive directors. As at the date of this report, the Board comprises the following members:</p> <ul style="list-style-type: none"> <li>- Mr Tjioe Ka Men (Executive Chairman)</li> <li>- Ms Tjioe Ka In (Executive Director)</li> <li>- Dr Tan Eng Liang (Independent and Non-Executive Director)</li> <li>- Dr Ker Sin Tze (Independent and Non-Executive Director)</li> <li>- Mr Ch'ng Jit Koon (Independent and Non-Executive Director)</li> <li>- Mr Wee Kheng Jin (Non-independent and Non-Executive Director)</li> <li>- Mr Goi Seng Hui (Non-independent and Non-Executive Director)</li> </ul> <p>Currently, the Board has a strong and independent element as three out of seven board members (or 43%) are independent. This enables the Board to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on issues.</p>
<p>2.2 Board to explain when it deems a non-independent director as independent</p>	<p>The independence of each director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review and is of the view that the independent directors are independent of the Company's management and further no individual or small group of individuals dominate the Board's decision making process.</p>
<p>2.3 Appropriate size of Board</p>	<p>The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive to effective discussion and decision-making and that the Board has an appropriate balance of independent directors. The Board is of the view that the current board size and composition is appropriate, taking into account the nature and scope of the Group's operations and the Board as a whole.</p>
<p>2.4 Board to comprise directors with core competencies</p>	<p>The Board comprises respected individuals from different backgrounds and who as a group provides core competencies, such as business management experience, industry knowledge, financial and strategic planning experience and customer-based knowledge that are extensive and critical to meet the Group's objectives. Together, the directors bring a wide and diverse range of experiences that will provide effective governance and stewardship for the Group. Please refer to the "Board of Directors" section of the Annual Report for the directors' profile.</p>
<p>2.5 Role of non-executive directors</p>	<p>The Board comprises five non-executive directors who review management's performance and monitor the reporting of performance. They constructively challenge and help develop proposals on strategy.</p>
<p>2.6 Meetings of non-executive directors</p>	<p>Where warranted, non-executive directors meet without the presence of management or executive directors to review any matter that may be raised privately.</p>

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

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

<p>3.1 Chairman and CEO should be separate persons; division of responsibilities should be clearly established</p>	<p>Mr Tjioe Ka Men is the Executive Chairman of the Company. He manages the overall business of the Group and is responsible for setting the strategic direction and vision of the Group. Mr Tjioe bears the responsibility for the workings of the Board and, together with ARC, ensures the integrity and effectiveness of the governance process of the Board. All major financial decisions made by him are also reviewed by the ARC. Mr Tjioe's performance and appointment to the Board are reviewed periodically by the NC and his remuneration package is governed by the recommendation of the RC. As there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on corporate affairs of the Group by members of the Board, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.</p> <p>The Board is of the view that, given the scope and nature of the operations of the Group and the strong element of independence of the Board, it is not necessary to separate the functions of Executive Chairman and Chief Executive Officer.</p>
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# Corporate Governance Report

<p>3.2 Chairman's role</p>	<p>Mr Tjioe Ka Men's duties as Executive Chairman includes:</p> <ol style="list-style-type: none"> <li>(1) Leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;</li> <li>(2) Ensuring that the directors receive accurate, timely and clear information;</li> <li>(3) Ensuring effective communication with the shareholders;</li> <li>(4) Encouraging constructive relations between the Board and Management;</li> <li>(5) Facilitating the effective contribution of non-executive directors;</li> <li>(6) Encouraging constructive relations between executive directors and non-executive directors; and</li> <li>(7) Promoting high standards of corporate governance and ensuring that procedures are introduced to comply with the Code.</li> </ol>
<p>3.3 Appointment of lead independent director ("LID") where the Chairman and CEO is the same person, Chairman and CEO are related by close family ties or where the Chairman and CEO are both part of the executive management team</p>	<p>Dr Tan Eng Liang, who is currently an Independent Non-Executive Director, the Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committees of the Company, was appointed as the Lead Independent Director on 31 May 2013.</p>

## Principle 4: Board Membership

There should be a formal and transparent process for the appointment of new directors to the Board.

<p>4.1 NC to comprise at least three directors, majority of whom are independent; NC Chairman not associated with a substantial shareholder; NC should have written terms of reference that describe the responsibilities of its members</p>	<p>The Company's NC comprises of five directors (including the Chairman of the NC) of whom three are independent and non-executive directors, one is an executive director and one is a non-independent and non-executive director as follows:</p> <ul style="list-style-type: none"> <li>- Dr Ker Sin Tze (Chairman)</li> <li>- Dr Tan Eng Liang</li> <li>- Mr Ch'ng Jit Koon</li> <li>- Mr Tjioe Ka Men</li> <li>- Mr Goi Seng Hui</li> </ul> <p>The Chairman of the NC is not associated with any of the substantial shareholders of the Company.</p> <p>The responsibilities of the NC are described in its written terms of reference. The NC's principal responsibilities include the following:-</p> <ol style="list-style-type: none"> <li>(1) make recommendations to the Board on all Board appointments;</li> <li>(2) propose to re-nominate existing directors, having regard to the directors' contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director;</li> <li>(3) assess annually whether or not a director is independent;</li> <li>(4) assess whether or not a director, who has multiple board representations, is able to and has been adequately carrying out his duties as a director;</li> <li>(5) propose objective performance criteria to evaluate the Board's performance, subject to the approval of the Board; and</li> <li>(6) assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board, and to decide how the Board's performance may be evaluated.</li> </ol>
<p>4.2 NC responsible for re-nomination of directors; all directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least every three years</p>	<p>The NC recommends re-appointments of directors to the Board.</p> <p>In accordance with Article 91 and 97 of the Company's Articles of Association, all directors (except a Managing Director) shall retire from office once at least in each three years by rotation and all newly appointed directors will have to retire at the next Annual General Meeting ("AGM") following their appointments. The retiring directors are eligible to offer themselves for re-election.</p>

# Corporate Governance Report

	<p>The NC has nominated the directors retiring by rotation, Dr Ker Sin Tze and Mr Goi Seng Hui, for re-election pursuant to Article 91 and the re-appointment of Dr Tan Eng Liang pursuant to Section 153(6) of the Companies Act, Cap. 50 at the forthcoming AGM. These nominations have been approved by the Board.</p> <p>Mr Ch'ng Jit Koon ("Mr Ch'ng"), an Independent Non-Executive Director, who retires at the conclusion of the AGM to be held on 30 July 2013 pursuant to Section 153(6) of the Companies Act, Cap. 50, and although eligible, has indicated that he is not offering himself for re-appointment. Accordingly, Mr Ch'ng shall ipso facto cease as the Chairman of RC and a member of ARC and NC. The Board is currently actively sourcing for an Independent Non-Executive Director to fill the vacancies in the Board and the respective committees which will arise following Mr Ch'ng's retirement.</p> <p>In considering the nomination, the NC took into account the contribution of the directors with reference to their attendance and participation at Board and other Board committee meetings as well as the proficiency with which they have discharged their responsibilities.</p>
4.3 NC to determine directors' independence annually	The NC has reviewed the independence of each director in accordance with the Code's definition of independence and is satisfied that 43% of the Board comprised independent directors.
4.4 NC to decide if a director who has multiple board representations is able to and has been adequately carrying out his/her duties as a director of the company. Internal guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple board	Notwithstanding that some of the directors have multiple board representations, the NC is satisfied that each director is able to and has been adequately carrying out his duties as director of the Company. The Board is of the view that such multiple board representations did not hinder them from carrying out their duties as directors. These directors would widen the spectrum of experience of the Board and give it a broader perspective.
4.5 Description of process for selection and appointment of new directors, including the search and nomination process, should be disclosed	The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations to cast its net as wide as possible for the right candidate. The NC determines the selection criteria in consultation with the Board and identifies candidates with the appropriate expertise and experience for the appointment as new director. The NC will shortlist candidates for interview before nominating the most suitable candidate to the Board for approval.
4.6 Key information regarding directors should be disclosed in the annual report of the Company	Other key information of the directors who held office during the year up to the date of this report are disclosed in the "Board of Directors" section of the Annual Report.

## Principle 5: Board Performance

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

5.1 Board to implement process to assess board performance as a whole and for assessing the contribution by each individual director to the effectiveness of the Board. Assessment process should be disclose in the annual report	<p>The NC has established review process to assess the performance and effectiveness of the Board as a whole as well as to access the contribution of each individual directors to the effectiveness of the Board.</p> <p>The NC will critically evaluate the Board's performance on collective and individual basis by means of questionnaires that deal with matters such as development of strategy, information to the board, board procedures, board accountability and the standards of conduct etc. The objective of the performance evaluation exercise is to uncover strengths and challenges so that the Board is in a better position to provide the required expertise and oversight.</p>
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# Corporate Governance Report

<p>5.2 and 5.3 NC should decide how the Board's performance may be evaluated and propose objective performance criteria; Performance criteria should address how the Board has enhanced long term shareholders' value and should consider company's share price performance and benchmark index of industry peers</p>	<p>The NC has conducted a formal assessment of the effectiveness of the Board on collective and individual basis for the financial year ended 31 March 2013. The NC is satisfied with the effectiveness of the Board as a whole and also the contribution by each director to the effectiveness of the Board. The Board, as a group, also possesses the necessary core competencies to direct the Company and Management to perform efficiently and effectively.</p>
<p>5.4 Individual evaluation to assess directors' effectiveness in contributions and commitment to the role; Chairman should act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of directors, in consultation with the NC</p>	<p>NC, in considering the re-election or re-appointment of any director, will evaluate the performance of the director. The assessment of each director's performance is undertaken by the NC Chairman. The criteria for assessment include but not limited to attendance record at meetings of the Board and board committees, intensity of participation at meetings, quality of discussions, maintenance of independence and any special contributions.</p>
<p>5.5 Other performance criteria may be used</p>	<p>The financial indicators including return on total assets ("ROTA"), return on equity ("ROE"), return on investment ("ROI") and economic value added ("EVA") as set out in the Code as a guide for the evaluation of the Board and its directors, may not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to directors.</p>

## Principle 6: Access To Information

In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

<p>6.1 Board members to be provided with complete and adequate information in timely manner; Board to have separate and independent access to the senior management</p>	<p>Board members are provided with adequate and timely information prior to Board meetings and committee meetings, and on an on-going basis. Requests for information from the Board are dealt with promptly by Management. Board interaction with, and independent access to, the Management is encouraged. Whenever necessary, senior management staff will be invited to attend the Board meetings and committee meetings to answer queries and provide detailed insights into their areas of operations.</p> <p>The Board is informed of all material events and transactions as and when they occur.</p>
<p>6.2 To include background and explanatory information</p>	<p>The Board is provided with quarterly management reports, and papers containing relevant background or explanatory information required to support the decision making process on an on-going basis.</p> <p>Proposals to the Board for decision or mandate sought by management are in the form of memo or board papers that give the facts, analysis, resources needed, expected outcome, conclusions and recommendations.</p> <p>However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed.</p>
<p>6.3 Directors to have access to Company Secretary; Role of Company Secretary</p>	<p>The Directors have separate and independent access to senior management and the Company Secretary. The Company Secretary attends all Board and ARC meetings of the Company. The Company Secretary also assists the Chairman and the Board to ensure that Board procedures are followed and that applicable rules and regulations (in particular the Companies Act, Cap. 50 and SGX-ST Listing Manual Section B: Rules of Catalist ("<b>Rules of Catalist</b>") are complied with.</p>

# Corporate Governance Report

6.4 Appointment and removal of the Company Secretary should be a matter for the Board as a whole	The appointment and removal of the Company Secretary are subject to the Board's approval.
6.5 Procedure for directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the company's expense	The directors, whether as a group or individually, may seek or obtain legal and other independent professional advice, concerning any aspect of the Group's operations or undertakings in order to fulfill their roles and responsibilities as directors. The cost of obtaining such professional advice will be borne by the Company.

## Principle 7: Procedures for Developing Remuneration Policies

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

<p>7.1 RC to consist entirely of non-executive directors. Majority including RC Chairman should be independent</p> <p>7.2 RC to recommend a framework of remuneration for each director and the CEO; Recommendations should be submitted for endorsement by the entire Board; RC to review remuneration of senior management</p>	<p>The RC comprises four members, of whom three (3) are independent and non-executive directors and one (1) is a non-independent and non-executive director. The members of the RC are:-</p> <ul style="list-style-type: none"> <li>- Mr Ch'ng Jit Koon (Chairman)</li> <li>- Dr Tan Eng Liang</li> <li>- Dr Ker Sin Tze</li> <li>- Mr Wee Kheng Jin</li> </ul> <p>The RC is regulated by its terms of reference. The duties of the RC include the following:-</p> <ol style="list-style-type: none"> <li>(a) to review and recommend to the Board in consultation with management and the Chairman of the Board:-             <ol style="list-style-type: none"> <li>(i) a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive directors/key executives;</li> <li>(ii) a framework of remuneration and specific remuneration packages for non-executive directors; and</li> <li>(iii) remuneration of employees related to the executive directors and controlling shareholders of the Group.</li> </ol> </li> <li>(b) to recommend to the Board, in consultation with management and the Chairman of the Board, the Executives'/Employees' Share Option Schemes or any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.</li> <li>(c) to 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 of Directors from time to time.</li> </ol>
7.2 RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits in kind	<p>The Company sets remuneration packages to ensure it is competitive and sufficient to attract, retain and motivate Directors and key executives of the required experience and expertise to run the Group successfully.</p> <p>As part of its review, the RC shall ensure that:</p> <ol style="list-style-type: none"> <li>(a) all aspects of remuneration, including director's fees, salaries, allowances, bonuses, options and benefits-in-kinds should be covered for each director and key executives;</li> <li>(b) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive directors' and key executives' performances; and</li> <li>(c) the remuneration package of employees related to executive directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.</li> </ol> <p>No director is involved in deciding his own remuneration.</p>
7.3 RC should seek expert advice, if necessary	Where necessary, the RC shall seek expert advice inside and/or outside the company on remuneration of all directors.



# Corporate Governance Report

## Principle 8: Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

<p>8.1 Package should align executive directors' interests with shareholders' interest; Appropriate and meaningful measures to assess executive directors' performance</p>	<p>In determining the level of remuneration, the RC shall:</p> <ul style="list-style-type: none"> <li>• give due consideration to the Code's principles and guidance notes on the level and mix of remuneration so as to ensure that the level of remuneration is appropriate to attract, retain and motivate directors needed to run the Company successfully;</li> <li>• ensure that a proportion of the remuneration is linked to corporate and individual's performance; and</li> <li>• ensure that the remuneration packages is designed to align interest of executive directors with those of shareholders.</li> </ul> <p>Annual review are carried out by the RC to ensure that the remuneration of the executive directors commensurate with the Company's and their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Chairman is reviewed periodically by the RC and the Board. The Board will respond to any queries raised at AGMs pertaining to such policies. Accordingly, it is the opinion of the Board that there is no necessity for such policies to be approved by the shareholders.</p>
<p>8.2 Remuneration for non-executive directors should be appropriate to level of contribution, effort, time spent and responsibilities</p>	<p>The non-executive directors do not have any service contracts. They are paid a basic fee and additional fees for serving on any of the Board Committees. The RC and Company ensures that the non-executive directors are not over-compensated to the extent that their independence is compromised. These fees are subject to approval by shareholders as a lump sum payment at the Annual General Meeting of the Company.</p>
<p>8.3 and 8.6 Fixed appointment period for executive director stated in service contract which should not be excessively long or with onerous removal clauses; RC to review compensation for early termination; Notice period in service contracts should be set at a period of six months or less</p>	<p>The Company had entered into a service agreement ("<b>Service Agreement</b>") with the Executive Chairman, Mr Tjiioe Ka Men.</p> <p>The Service Agreement may be terminated by not less than 6 months' notice in writing served by either party and does not contain onerous removal clauses.</p>
<p>8.4 Long term incentive schemes are generally encouraged</p>	<p>The Company does not have any employee share option scheme or other long-term incentive schemes for directors at the moment.</p>
<p>8.5 Company should be aware of pay and employment conditions within the industry and in comparable companies when setting remuneration packages</p>	<p>The Company shall review the pay and employment conditions within the industry and those of the peer companies to ensure that directors and key executives are adequately remunerated.</p>

## Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

# Corporate Governance Report

9.1 & 9.2 Remuneration of directors and at least the top 5 key executives (who are not directors) should be reported to shareholders annually	<p><b>Directors' Remuneration</b></p> <p>There are both fixed and variable components to executive directors' remuneration. The variable components are tied to Group performance.</p> <p>A breakdown showing the level and percentage mix of each individual director's remuneration paid/payable for FY 2013 are as follows:</p>
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	Remuneration Band	Salary & Fees %	Performance Related Income/ Bonuses %	Other Benefits %	Total Remuneration %
<b>Executive Directors</b>					
Tjioe Ka Men	A	96	4	-	100
Tjioe Ka In	B	96	4	-	100
<b>Non-Executive Directors</b>					
Tan Eng Liang	B	100	-	-	100
Ker Sin Tze	B	100	-	-	100
Ch'ng Jit Koon	B	100	-	-	100
Wee Kheng Jin	B	100	-	-	100
Goi Seng Hui	B	100	-	-	100

Remuneration Band "A" = >\$250,000 but <\$500,000

Remuneration Band "B" = <\$250,000

	<p><b>Top 5 Key Executives</b></p> <p>The remuneration of top five key executives (who are not directors of the Company) are set out below in bands of S\$250,000. The names of the executives are not disclosed to maintain the confidentiality of the remuneration packages of these key executives.</p> <p style="text-align: center;"><u>No. of Executives</u></p> <p>Below S\$250,000 <span style="float: right;">5</span></p>
9.3 Disclose remuneration details of employees who are immediate family members of a director or the CEO, and whose remuneration exceed S\$150,000 during the year	One key executive of the Company, Ms Jocelyn Tjioe Ka Lie, is the daughter of Zhou Yingnan (substantial shareholder) and sister of Tjioe Ka Men (Executive Chairman) and Tjioe Ka In (Executive Director). Her remuneration is less than S\$150,000 during FY 2013.
9.4 Details of employee share scheme	The Company does not have any employee share scheme.

# Corporate Governance Report

## Principle 10: Accountability

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

<p>10.1 Board's responsibility to provide balanced and understandable assessment of company's performance, position and prospects</p>	<p>The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Rules of Catalist.</p> <p>The Board provides shareholders with half-year and annual financial reports. Half-year results are released to shareholders within 45 days of the end of the period. Annual results are released within 60 days of the financial year-end. In our financial result announcements to shareholders, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects. Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings.</p>
<p>10.2 Management should provide Board with management accounts on a monthly basis</p>	<p>Management provides the executive directors with monthly financial reports. Weekly meetings are conducted involving the senior management and the business units heads. Additional or ad-hoc meetings are conducted, when required.</p> <p>Management makes presentation to the Board on a quarterly basis on the financial performance of the Group.</p>

## Principle 11: Audit & Risk Committee

The Board should establish an Audit & Risk Committee ("ARC") with written terms of reference which clearly set out its authority and duties.

<p>11.1 ARC should comprise at least three directors, all non-executive, and the majority of whom including the Chairman, are independent</p>	<p>The ARC comprises five (5) non-executive directors, majority of whom including the Chairman, are independent. The members of the ARC are:-</p> <ul style="list-style-type: none"> <li>- Dr Tan Eng Liang (Chairman)</li> <li>- Dr Ker Sin Tze</li> <li>- Mr Ch'ng Jit Koon</li> <li>- Mr Wee Kheng Jin</li> <li>- Mr Goi Seng Hui</li> </ul> <p>The profile of the ARC members is set in the Board of Directors Section of the Annual Report.</p>
<p>11.2 Board to ensure ARC members are appropriately qualified to discharge their responsibilities</p>	<p>The Board considers that the members of the ARC are qualified to discharge the responsibilities of the ARC as two members of the ARC, including the Chairman, have accounting or related financial management expertise or experience. Please refer to the profile in the Board of Directors Section of the Annual Report.</p>
<p>11.3 ARC to have explicit authority to investigate and have full access and co-operation by management, and reasonable resources to discharge its functions</p>	<p>The ARC is authorised by the Board to investigate into any activity within its terms of reference. It has unrestricted access to information relating to the Group, to both internal &amp; external auditors and has full discretion to invite any director or executive officer to attend its meetings. The ARC has expressed power to commission investigations into any matter, which has or is likely to have material impact on the Group's operating results and/or financial position. The ARC has adequate resources to enable it to discharge its responsibilities properly.</p>

# Corporate Governance Report

<p>11.4 Duties of ARC</p>	<p>The ARC is regulated by its terms of reference and meets at least three times a year and as warranted by circumstances, to perform the following functions:-</p> <ol style="list-style-type: none"> <li>(1) review significant financial reporting issues and judgements;</li> <li>(2) review with the internal and external auditors the audit plan and their evaluation of the systems of internal controls;</li> <li>(3) review with the external auditors the scope and results of the audit and its cost effectiveness;</li> <li>(4) review the co-operation given by management to the external auditors;</li> <li>(5) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company or the Group's results or financial position and management's responses;</li> <li>(6) review the Group's financial results, external auditors' reports and the result announcements before submission to the Board for approval;</li> <li>(7) nominate external auditors for re-appointment and reviews their independence and objectivity;</li> <li>(8) make recommendations to the Board on the appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors;</li> <li>(9) review interested person transactions, if any, and potential conflict of interests;</li> <li>(10) review the adequacy of the Group's material internal controls (compliance, financial and operational) and risk management policies and systems, as well as the effectiveness of the Group's internal audit function;</li> <li>(11) review arrangements by which staff of the Group may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;</li> <li>(12) review of the assessment and monitoring of all key operational, financial and compliance risks of the Group and the effectiveness of internal compliance and control systems and procedures to manage risk;</li> <li>(13) recommend to the Board in relation to risk management strategy and policy framework; and</li> <li>(14) consider and reporting to the Board on any material changes to the risk profile of the Group.</li> </ol> <p>Minutes of the ARC meetings are regularly submitted to the Board for its information and review.</p>
<p>11.5 ARC to meet internal and external auditors, without presence of management, at least annually</p>	<p>For FY 2013, the ARC met with the external auditors once without the presence of the management for the purpose of facilitating discussion of the responses by management on audit matters. The ARC has reviewed the findings of the auditors and the assistance given to the auditors by management.</p>
<p>11.6 ARC to review independence of external auditors annually</p>	<p>The ARC has received the requisite information from the external auditors evidencing the latter's independence.</p> <p>The ARC has noted that there are no non-audit related work carried out by the external auditors during FY 2013 and is satisfied with the independence and objectivity of the external auditors.</p> <p>The audit fees paid to the external auditors of the Company for FY2013 was approximately S\$236,000/-. There was no non-audit fee paid to the external auditors.</p> <p>The ARC had recommended and the Board had approved the nomination to re-appoint Messrs Deloitte &amp; Touche LLP as the Company's external auditors for the next financial year ending 31 March 2014. The Group has complied with Rules 712 and 715 of the Rules of Catalist in relation to the auditors.</p>
<p>11.7 ARC to review arrangements for staff to raise concerns about possible improprieties to ARC</p>	<p>The Group has in place, a whistle-blowing policy where employees of the Group can raise, in confidence, concerns about possible improprieties. Such a policy serves to encourage and provide a channel for staff to report in good faith and without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the Chairman of ARC, Executive Chairman or the Head of Human Resource.</p> <p>Details of the whistle-blowing policies and arrangements have been made available to all employees.</p>
<p>11.8 Disclose the details of the ARC's activities in the company's annual report</p>	<p>In FY 2013, the ARC has reviewed with the Management and the external auditors, the results of the Group before submitting them to the Board for its approval and announcement of the financial results. The ARC also reviewed and monitored the Group's financial condition, internal and external audits, exposure to risks and the effectiveness of the Group's system of accounting and internal controls.</p> <p>The ARC also monitors proposed changes in accounting policies, reviews the internal audit functions and discusses accounting implications of major transactions including significant financial reporting issues.</p> <p>In review of the financial statements for the year ended 31 March 2013, the ARC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects.</p>

# Corporate Governance Report

## Principle 12: Risk Management and Internal Controls

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets. The terms of reference of the ARC were revised to include risk management; it was approved and adopted by the ARC and the Board on 12 November 2012.

<p>12.1 ARC to review adequacy of internal financial controls, operational and compliance controls and risk management policies and systems established by management at least annually</p>	<p>The Group has in place a system of internal control and risk management policies and systems for ensuring proper accounting records and reliable financial information, as well as management of business risks with a view to safeguard shareholders' investments and the Company's assets. The risk management framework provides for systematic and structured review as well as reporting on the assessment of the degree of risk, evaluation and effectiveness of controls in place to mitigate them.</p> <p>In September 2012, the Board granted approval for the Audit Committee to assume the role of Risk Management and changed the name of "Audit Committee" ("AC") to "Audit and Risk Committee" ("ARC"). In line with the change, the AC's Terms of Reference have been revised and renamed "Audit and Risk Committee – Terms of Reference", which incorporate both terms for Audit Committee functions and Risk Management functions.</p> <p>The Board, assisted by the ARC, has oversight of the risk management system, process and structure of the Group. The process of risk management is undertaken by the Executive Chairman and senior management under the purview of the ARC and the Board.</p> <p>During the current financial year 2013, the Company, with the support from consultants, Ernst &amp; Young Advisory Pte Ltd ("<b>Ernst &amp; Young</b>"), has formalised a structured Enterprise Risk Management ("<b>ERM</b>") Framework to facilitate the Board in identifying and assessing key operational, financial and compliance risks (including information technology) with reference to the business goals, strategies and critical success factors of the Group. Under the ERM Framework, which is developed with reference to the ISO 31000:2009 Risk Management – Principles and Guidelines, Committee of Sponsoring Organisations of the Treadway Commission (COSO) Model and Risk Governance Guidance for Listed Board 2012, management of all levels are expected to constantly review the business operations and the environment that we operate in to identify risk areas and ensure mitigating measures are promptly developed to mitigate these risks. The ERM Framework outlines the Group's approach to managing enterprise-wide risks and sets out a systematic process for identifying, evaluating, monitoring, managing and reporting risks faced by the Group.</p> <p>Ernst &amp; Young had assisted in the formalisation of the ERM Manual, facilitated a risk workshop and carried out discussions with the Board, ARC as well as senior management of the Group on the results of the risk assessment sessions. In the process, the Board has determined the Group's levels of risk tolerance and risk policies, and provides oversight of Management in the design, implementation and monitoring of the ERM system and process.</p> <p>Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies, strategy as well as risk appetite. Management is accountable to the ARC for ensuring the effectiveness of risk management and adherence to risk appetite limits. On a day-to-day basis, business units have primary responsibility for risk management. The various business units provide senior management with a timely assessment of key risk exposures and the associated management responses. These units also recommend risk appetite and control limits.</p> <p>A risk monitoring, review and reporting framework has been established to define the on-going monitoring tools and processes of the Group which includes monitoring of risk score changes, on-going assessment of risk treatment action plans and quarterly ERM reporting to the ARC. Management reviews all significant control policies and procedures and highlights all significant matters to the ARC and the Board.</p> <p>The Group's risk factors and management are set out in the notes to the financial statements in this Annual Report.</p>
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# Corporate Governance Report

	<p>The Group has an in-house internal audit function. During the financial year, the Company has also appointed one of the big 4 Certified Public Accounting firm to carry out an independent internal audit review on the Group's key operational processes in Singapore. The Company's external auditors, Deloitte &amp; Touche LLP, have also in the course of their annual audit carried out a review of the effectiveness of the Group's material internal controls over financial reporting as laid out in their audit plans. Any material non-compliance and internal control weakness noted during the audits and auditors' recommendations are reported to the ARC. The Company's in-house internal auditor follows up on the recommendations so as to strengthen the Group's internal controls and practices.</p> <p>The auditors had also evaluated the effectiveness of the financial, operational, compliance and information technology internal controls implemented to manage the identified risks based on the results of the ERM process executed.</p>
<p>12.2 Board's comment on the adequacy of the internal controls, including financial, operational and compliance controls, and risk management systems in the company's annual report</p>	<p>During the financial year, the ARC has reviewed the internal and external audit reports. Management has also taken appropriate and timely countermeasures to remedy the internal control weaknesses identified and sought ways to continuously enhance the Group's internal control systems.</p> <p>Based on the reports submitted by the auditors, and the various management controls/improvements put in place by management and the Board, the Board with the concurrence of the ARC, is of the view that the Group's internal controls, addressing financial, operational, compliance and information technology risks are adequate. While acknowledging their responsibility for the system of internal controls, the Board is aware that such a system is designed to manage, rather than eliminate all risks, and therefore cannot provide an absolute assurance in this regard, or absolute assurance against the occurrence of material errors, losses, poor judgement in decision making, human errors, fraud or other irregularities.</p> <p>The Board has also received assurance from the Executive Chairman and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and regarding the effectiveness of the company's risk management and internal control systems.</p>

## Principle 13: Internal Audit

The company should establish an internal audit ("IA") function that is independent of the activities it audits.

<p>13.1, 13.2 and 13.3 IA function to report to ARC Chairman, and to CEO administratively; IA meet standards set by national or internationally recognised professional bodies; ARC to ensure IA function is adequately resourced</p>	<p>The Company has an in-house internal audit team that primarily reports to the Chairman of the ARC, and also to the Chief Financial Officer on administrative matters.</p> <p>Biennially, the Group will outsource its internal audit function to an independent auditing firm for independent review on internal controls and practices. The engagement of the auditing firm is subjected to ARC approval.</p> <p>The ARC has full access to and the cooperation of the management and internal auditors, and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company to perform its function.</p>
<p>13.4 ARC to ensure adequacy of internal audit function</p>	<p>The Group's internal control are designed to provide reasonable assurance with regard to the keeping of proper accounting records, integrity and reliability of financial information, and physical safeguard of assets.</p> <p>The in-house internal auditor plans its internal audit plan annually, following a risks assessment exercise, in consultation with, but independent of management. The internal audit plan is submitted to the ARC for approval prior to the commencement of the internal audit.</p> <p>Internal audit reports are distributed to and discussed with the ARC. The ARC ensures that appropriate and timely measures are taken by the Management to implement improvements required on internal control weaknesses identified.</p> <p>The ARC has the ability to commission an independent audit on internal controls for its assurance, or where it is not satisfied with the systems of internal control.</p> <p>An annual review of the in-house internal audit function is carried out. The ARC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group.</p>

# Corporate Governance Report

## Principle 14: Communication with Shareholders

Companies should engage in regular, effective and fair communication with shareholders.

<p>14.1 and 14.2 Company to regularly convey pertinent information; information should be disclosed on timely basis</p>	<p>The Board is mindful of the obligation to keep shareholders informed of all major developments that affect the Group in accordance with the SGX-ST's Listing Manual. Price sensitive information is publicly released via SGXNET.</p> <p>Information is communicated to shareholders on a timely and non-selective basis through:</p> <ul style="list-style-type: none"> <li>• annual reports that are prepared and issued to all shareholders within the mandatory period;</li> <li>• half-year and full-year financial statements containing a summary of the financial information and affairs of the Group for the period, released via SGXNET;</li> <li>• public announcements via SGXNET;</li> <li>• press releases on major developments;</li> <li>• Company's corporate website at <a href="http://www.tunglok.com">www.tunglok.com</a> at which shareholders can access information on the Group; and</li> <li>• notices of shareholders' meetings advertised in a newspaper in Singapore.</li> </ul>
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## Principle 15: Greater Shareholder Participation

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

<p>15.1 and 15.3 Shareholders should be allowed to vote in person or in absentia; presence of ARC, NC, RC chairpersons and auditors at AGMs</p>	<p>Participation of shareholders is encouraged at the Company's general meetings. The Board (including the Chairman of the respective Board Committees), Management, as well as the external auditors are invited to attend the Company's AGM to address any questions that shareholders may have.</p> <p>Shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay apprised of the Group's strategy and goals.</p> <p>The Company's Articles of Association allows a member of the Company to appoint up to two proxies to attend and vote in place of the member.</p>
<p>15.2 Separate resolutions at general meetings on each substantially separate issue</p>	<p>Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each separate issue at the meeting.</p>
<p>15.4 Companies are encouraged to amend Articles to avoid imposing limit on the number of proxies for nominee companies</p>	<p>While the Company does not have a specific limit in the Articles on the number of proxy votes for nominee companies, there is a limit for the number of proxies for all shareholders to two.</p>
<p>15.5 Companies are encouraged to prepare minutes/notes on discussions and make them available upon request</p>	<p>All minutes of general meetings, and a summary of the questions and answers raised at general meetings are available to shareholders upon their requests.</p>

## Internal Code on Dealing in Securities

<p>Catalist Rule 1204 (19)</p>	<p>In line with Catalist Rule 1204(19), the Company has adopted an internal Code of Best Practices on dealing in the Company's securities. All Directors and officers of the Group are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-year and full year results and ending on the date of the announcement of the results.</p> <p>In addition, all Directors and employees of the Group are required to observe insider trading laws at all times and are prohibited from dealing with the Company's shares whilst in possession of unpublished price-sensitive information of the Group. They are also discouraged from dealing in the Company's shares on short-term considerations.</p>
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# Corporate Governance Report

## Material Contracts

Catalist Rule 1204 (8)	No material contracts to which the Company or its subsidiary is a party and which involve interests of directors or controlling shareholders subsisted at the end of the financial year or have been entered into since the end of the previous financial year except for three subsidiaries that have entered into rental contracts with one of its controlling shareholder as announced by the Company on 5 September 2012 and 25 October 2012.
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## Interested Person Transaction (IPT) Policy

Catalist Rule 907	<p>The Company adopted an internal policy in respect of any transactions with interested person and has established procedures for review and approval of the interested person transactions entered into by the Group. The ARC has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and not prejudicial to the interests of the Company and minority shareholders.</p> <p>The aggregate value of interested person transactions for FY 2013 are as follows:-</p>
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Name of Interested Persons and Transactions	Aggregate value of all interested persons transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
T & T Gourmet Cuisine Pte Ltd-Sales of food items to Tee Yih Jia Food Manufacturing Pte Ltd	-	600
T & T Gourmet Cuisine Pte Ltd-Sales of food items to Chinatown Food Corporation Pte Ltd	-	15
T & T Gourmet Cuisine Pte Ltd-Food items purchase from Tee Yih Jia Food Manufacturing Pte Ltd	-	16
Tung Lok Group-Food items purchase from Tee Yih Jia Food Manufacturing Pte Ltd	-	96
Tung Lok Group-Food items purchase from Chinatown Food Corporation Pte Ltd	-	28
Tung Lok Group-Food items purchase from T & T Gourmet Cuisine Pte Ltd	-	252
Tung Lok Group-Mooncakes purchase from T & T Gourmet Cuisine Pte Ltd	-	715
Far East Hospitality Real Estate Investment Trust*	3,335	-
Orchard Central Pte Ltd*	1,373	-

The Group confirms that there were no other disclosable interested person transactions during FY 2013 pursuant to Catalist Rule 907.

\*These are interested person transactions that are categorized as transactions under Catalist Rule 916(1), which are in connection with leases of certain commercial units owned by related companies of our controlling shareholder, Goodview Properties Pte.Ltd. Please refer to our announcements dated 5 September 2012 and 25 October 2012.

## Sponsorship

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company during the financial year is SAC Capital Private Limited ("Sponsor") which replaced KW Capital Pte. Ltd with effect from 1 May 2012. There is no non-sponsor fee paid to the Sponsor.



# Report of the Directors

The directors present their report together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended March 31, 2013.

## 1 DIRECTORS

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

Tjioe Ka Men  
Tjioe Ka In  
Tan Eng Liang (Dr)  
Ker Sin Tze (Dr)  
Ch'ng Jit Koon  
Goi Seng Hui  
Wee Kheng Jin

## 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 debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<u>The company</u>			<u>Ordinary shares</u>	
Tjioe Ka Men	226,000	226,000	54,679,000	54,679,000
Tjioe Ka In	54,000	54,000	53,200,000	53,200,000
Goi Seng Hui	-	-	20,999,000	25,018,000

By virtue of Section 7 of the Singapore Companies Act, Mr Tjioe Ka Men and Ms Tjioe Ka In are deemed to have an interest in the company and all the related corporations of the company.

The directors' interests in the shares of the company at April 21, 2013 were the same at March 31, 2013.

# Report of the Directors

## 4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, 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 for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporation in their capacity as directors and/or executives of those related corporation.

## 5 SHARE OPTIONS

### (a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the company or any corporation in the group was granted.

### (b) *Option exercised*

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

### (c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

## 6 AUDIT AND RISK COMMITTEE

At the date of this report, the Audit and Risk Committee comprises the following members, all of whom are independent directors other than Wee Kheng Jin and Goi Seng Hui.

Tan Eng Liang (Dr) (Chairman)  
Ker Sin Tze (Dr)  
Ch'ng Jit Koon  
Goi Seng Hui  
Wee Kheng Jin

The Audit and Risk Committee has met five times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

- a) the audit plans and results of the internal auditors' examination and evaluation of the group's systems of internal accounting controls;
- b) internal audit findings and adequacy of the internal audit function;
- c) the audit plans and the results of the external auditors;

# Report of the Directors

## 6 AUDIT AND RISK COMMITTEE (cont'd)

- d) the financial statements of the company and the consolidated financial statements of the group before their submission to the Board of Directors of the company and external auditors' report on those financial statements;
- e) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;
- f) interested person transactions;
- g) the re-appointment of the external auditors of the group and their independence; and
- h) the co-operation and assistance given by the management to the group's external auditors.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

## 7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....  
Tjioe Ka Men

.....  
Tjioe Ka In

Singapore  
June 27, 2013

# Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 29 to 83 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at March 31, 2013, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, with the continued financial support by its major shareholders, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

.....  
Tjioe Ka Men

.....  
Tjioe Ka In

Singapore  
June 27, 2013

# Independent Auditors' Report

to the Members of Tung Lok Restaurants (2000) Ltd

## Report on the Financial Statements

We have audited the financial statements of Tung Lok Restaurants (2000) Ltd (the "company") and its subsidiaries (the "group") which comprise the statements of financial position of the group and the company as at March 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 83.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide 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 balance sheets and profit and loss accounts and to maintain accountability of assets.

## Auditors' 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 about 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 the 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 March 31, 2013 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the 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.

## Deloitte & Touche LLP

Public Accountants and  
Certified Public Accountants

Singapore  
June 27, 2013

# Statements of Financial Position

March 31, 2013

	Note	Group		Company	
		2013	2012	2013	2012
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	6	9,343,215	11,159,443	8,002	54,503
Trade receivables	7	2,151,500	1,740,139	-	-
Other receivables and prepayments	8	1,323,531	658,191	953,431	25,444
Inventories	9	2,184,891	2,210,846	-	-
Total current assets		15,003,137	15,768,619	961,433	79,947
<b>Non-current assets</b>					
Trade receivables - non-current	7	37,219	65,673	-	-
Other receivables - non-current	8	265,328	923,604	-	-
Long-term security deposits	10	1,800,701	1,679,670	-	-
Subsidiaries	11	-	-	7,857,652	7,316,447
Joint venture	12	-	-	-	-
Associates	13	527,091	558,322	-	-
Available-for-sale investments	14	-	-	-	-
Other intangible asset	15	-	-	-	-
Goodwill	16	-	-	-	-
Property, plant and equipment	17	17,773,355	14,871,753	-	-
Total non-current assets		20,403,694	18,099,022	7,857,652	7,316,447
<b>Total assets</b>		<b>35,406,831</b>	<b>33,867,641</b>	<b>8,819,085</b>	<b>7,396,394</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade payables	18	6,144,550	5,301,813	-	-
Other payables	19	12,741,966	10,900,023	7,029,616	6,143,688
Current portion of finance leases	20	131,758	115,848	-	-
Bank loans - current portion	21	5,142,738	2,535,326	-	-
Income tax payable		140,528	137,070	-	-
Total current liabilities		24,301,540	18,990,080	7,029,616	6,143,688
<b>Non-current liabilities</b>					
Other payables - non-current	19	2,412,241	1,687,643	-	-
Finance leases	20	142,919	143,616	-	-
Bank loans - non-current	21	4,027,226	4,390,227	-	-
Deferred tax liabilities	22	86,288	696,646	-	-
Total non-current liabilities		6,668,674	6,918,132	-	-
<b>Capital, reserves and non-controlling interests</b>					
Share capital	23	10,269,503	10,269,503	10,269,503	10,269,503
Currency translation reserve		(53,197)	(59,417)	-	-
Accumulated losses		(6,037,156)	(2,868,084)	(8,480,034)	(9,016,797)
Equity attributable to owners of the company		4,179,150	7,342,002	1,789,469	1,252,706
Non-controlling interests		257,467	617,427	-	-
Net equity		4,436,617	7,959,429	1,789,469	1,252,706
<b>Total liabilities and equity</b>		<b>35,406,831</b>	<b>33,867,641</b>	<b>8,819,085</b>	<b>7,396,394</b>

See accompanying notes to financial statements.

# Consolidated Statement of Comprehensive Income

Year ended March 31, 2013

	Note	2013 \$	2012 \$
<b>Revenue</b>	24	81,545,239	86,640,041
<b>Cost of sales</b>		(23,177,565)	(24,618,414)
<b>Gross profit</b>		58,367,674	62,021,627
Other operating income	25	2,235,214	2,078,009
Administrative expenses		(30,110,959)	(30,880,261)
Other operating expenses	26	(34,656,469)	(34,816,472)
Share of profit of joint venture	12	187,927	150,543
Share of profit (loss) of associates	13	2,336	(415,170)
Finance costs	27	(350,920)	(285,969)
<b>Loss before tax</b>		(4,325,197)	(2,147,693)
Income tax benefit (expense)	28	717,114	(162,852)
<b>Loss for the year</b>	29	(3,608,083)	(2,310,545)
<b>Other comprehensive loss:</b>			
Exchange differences on translation of foreign operations representing total other comprehensive income (loss) for the year		8,389	(26,590)
Total comprehensive loss for the year, net of tax		(3,599,694)	(2,337,135)
Loss attributable to:			
Owners of the company		(3,169,072)	(1,794,847)
Non-controlling interests		(439,011)	(515,698)
		(3,608,083)	(2,310,545)
Total comprehensive loss attributable to:			
Owners of the company		(3,162,852)	(1,819,691)
Non-controlling interests		(436,842)	(517,444)
		(3,599,694)	(2,337,135)
Loss per share (cents)			
Basic	30	(2.26)	(1.28)
Diluted	30	(2.26)	(1.28)

See accompanying notes to financial statements.

# Statements of Changes in Equity

Year ended March 31, 2013

	Share capital	Currency translation reserve	Accumulated losses	Equity attributable to owners of the company	Non-controlling interests	Net
	\$	\$	\$	\$	\$	\$
<u>Group</u>						
Balance at April 1, 2011	10,269,503	(34,573)	(373,237)	9,861,693	559,482	10,421,175
Total comprehensive loss for the year	-	(24,844)	(1,794,847)	(1,819,691)	(517,444)	(2,337,135)
Dividends paid (Note 31)	-	-	(700,000)	(700,000)	-	(700,000)
Issue of shares to non-controlling interests in a subsidiary	-	-	-	-	490,000	490,000
Dividends paid to non-controlling interests in a subsidiary	-	-	-	-	(28,555)	(28,555)
Fair value adjustment on interest-free loans from non-controlling interests in a subsidiary	-	-	-	-	113,944	113,944
Balance at March 31, 2012	10,269,503	(59,417)	(2,868,084)	7,342,002	617,427	7,959,429
Total comprehensive loss for the year	-	6,220	(3,169,072)	(3,162,852)	(436,842)	(3,599,694)
Issue of shares to non-controlling interests in subsidiaries	-	-	-	-	930,000	930,000
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	(950,284)	(950,284)
Fair value adjustment on interest-free loans from non-controlling interests in subsidiaries	-	-	-	-	60,433	60,433
Non-controlling interest in an associate which became a subsidiary during the year (Note 13(a))	-	-	-	-	36,733	36,733
Balance at March 31, 2013	10,269,503	(53,197)	(6,037,156)	4,179,150	257,467	4,436,617
	Share capital	Note	Share capital	Share capital	Share capital	Share capital
	\$		\$	\$	\$	\$
<u>Company</u>						
Balance at April 1, 2011	10,269,503		(8,504,306)	1,765,197		
Total comprehensive income for the year	-		187,509	187,509		
Dividend paid	-	31	(700,000)	(700,000)		
Balance at March 31, 2012	10,269,503		(9,016,797)	1,252,706		
Total comprehensive income for the year	-		536,763	536,763		
Balance at March 31, 2013	10,269,503		(8,480,034)	1,789,469		

See accompanying notes to financial statements.



# Consolidated Statement of Cash Flows

Year ended March 31, 2013

	Note	2013 \$	2012 \$
<b>Operating activities</b>			
Loss before tax		(4,325,197)	(2,147,693)
Adjustments for:			
Other receivable written off – advance to investee company		-	6,070
Trade receivables written off		11,657	-
Allowance for doubtful trade debts		100,000	-
Share of profit of joint venture		(187,927)	(150,543)
Share of (profit) loss of associates		(2,336)	415,170
Depreciation of property, plant and equipment		4,217,146	3,368,228
Amortisation of other intangible asset		-	12,430
Impairment loss on property, plant and equipment		235,217	1,265,624
Write-down of inventory		-	602
Interest income		(15,851)	(20,771)
Interest expense		350,920	285,969
Dividend income from available-for-sale investment		(76,452)	(92,913)
Loss on disposal of property, plant and equipment		87,183	314,231
Operating cash flows before movements in working capital		394,360	3,256,404
Trade receivables		(523,018)	(639,794)
Other receivables and prepayments		(266,476)	270,957
Inventories		25,955	(109,103)
Long-term security deposits		(121,031)	251,143
Trade payables		234,153	(1,761,663)
Other payables		834,211	(372,827)
Cash generated from operations		578,154	895,117
Interest paid		(292,794)	(260,342)
Income tax paid		(29,237)	(712,095)
Net cash from (used in) operating activities		256,123	(77,320)

# Consolidated Statement of Cash Flows

Year ended March 31, 2013

	Note	2013 \$	2012 \$
<b>Investing activities</b>			
Interest received		3,696	8,615
Dividends received from available-for-sale investment		76,452	92,913
Proceeds from disposal of property, plant and equipment		-	2,654
Purchase of property, plant and equipment	A	(5,214,976)	(7,926,060)
Advances to associate		-	(786,500)
Interests in an associate which became a subsidiary during the year	B, 13(a)	729,242	-
Acquisition of investments in associates		-	(68,160)
Net cash used in investing activities		(4,405,586)	(8,676,538)
<b>Financing activities</b>			
Dividends paid		-	(700,000)
Dividends paid to non-controlling interests in subsidiaries	C	(570,284)	(28,555)
Payment of advances to non-controlling interests of a subsidiary		(117,545)	(350,000)
Receipt of advances from non-controlling interests of a subsidiary		-	1,470,000
Issue of shares to non-controlling interests in subsidiaries		930,000	490,000
Proceeds from bank loans		6,756,756	4,537,123
Repayment of bank loans		(4,512,345)	(3,619,990)
Repayment of obligations under finance leases		(138,197)	(242,585)
Cash and bank balances subject to set off		(16,604)	8,340,076
Net cash from financing activities		2,331,781	9,896,069
Net (decrease) increase in cash and bank balances		(1,817,682)	1,142,211
Cash and bank balances at the beginning of the year		9,218,891	8,122,840
Effect of foreign exchange rate changes		(15,150)	(46,160)
<b>Cash and bank balances at the end of the year</b>	6	<b>7,386,059</b>	<b>9,218,891</b>

## Note A:

During the financial year, the group acquired property, plant and equipment with an aggregate cost of \$6,136,377 (2012: \$7,719,127) of which \$711,914 (2012: \$127,080) relates to provision for reinstatement costs of premises, \$151,800 (2012: \$29,425) was acquired under finance lease arrangements and \$952,022 (2012: \$767,255) remains unpaid at the end of the reporting period. Cash payments of \$5,214,976 (2012: \$7,926,060) were made to purchase property, plant and equipment.

# Consolidated Statement of Cash Flows

Year ended March 31, 2013

## Note B:

Pursuant to the Joint Venture Deed (“JVD”) entered between the shareholders of PT Ming Cipta Rasa (“PT Ming”) in July 2012, the group obtained control over the entity. The group’s equity interest in PT Ming remains unchanged at 49%.

As at that date, the net assets of PT Ming based on their estimated fair values were as follows:

	<b>Total</b>
	<b>\$</b>
Cash and bank balances	729,242
Prepayments	222,028
Property, plant and equipment	1,301,326
Other payables	(608,584)
Loan from shareholders	(1,571,987)
Net	<u>72,025</u>
Less: Non-controlling interests	<u>(36,733)</u>
Net	<u>35,292</u>

PT Ming contributed approximately \$1,364,000 and \$668,000 of revenue and loss during the financial year respectively.

Had control been obtained since the beginning of the financial year, the revenue and loss for the group would have been higher by approximately \$94,000 and \$153,000 respectively.

## Note C:

During the financial year, the group declared dividends amounting to \$950,284 (2012: \$28,555) to non-controlling interests in subsidiaries of which \$380,000 (2012: \$Nil) remains unpaid at the end of the reporting period.

See accompanying notes to financial statements.

# Notes to Financial Statements

March 31, 2013

## 1 GENERAL

The company (Registration Number 200005703N) is incorporated in the Republic of Singapore with its principal place of business at 26 Tai Seng Street, #02-01, Singapore 534057 and its registered office at 1 Sophia Road, #05-03 Peace Centre, Singapore 228149. The financial statements are expressed in Singapore dollars.

The principal activity of the company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

As at March 31, 2013, the group's and company's current liabilities exceeded their current assets by \$9,298,403 (2012: \$3,221,461) and \$6,068,183 (2012: \$6,063,741) respectively; the group net asset value is \$4,436,617 (2012: \$7,959,429) as of that date; and the group incurred losses of approximately \$3.6 million (2012: \$2.3 million) during the financial year. Notwithstanding these conditions, on account of its unutilised credit facilities given by banks, financial support by its major shareholders and capital fund raising exercise, the directors do not believe that there are any material uncertainties surrounding the ability of the group to operate on a going concern basis, as further discussed below:

- i) the group and the company are dependent on the availability of future cash flows from the group's restaurant operations, unutilised credit facilities given by banks, and the continual financial support by the major shareholders including Zhou Holdings Pte Ltd; and
- ii) during the year ended March 31, 2013, the directors have taken steps to improve the group's and company's working capital position and cash inflow from their operating and financing activities. Subsequent to the end of financial year, the directors have authorised and kick started plans to raise funds from various sources, such as increase in its bank credit facilities and the proposed rights issue of shares. Unutilised bank credit facilities as at the date of the financial statements amounted to approximately \$3.9 million (2012: \$1.9 million) which include a net additional loan facilities of approximately \$2.8 million granted by 2 banks to the group subsequent to the end of the financial year. In addition, the major shareholders have extended loans facilities to the group to provide for bridge financing before the funds from other sources have been raised.

The directors are satisfied that with the group's revenue generated mainly from cash and credit card sales, availability of banks' unutilised credit lines, financial support and bridging loans facilities by its major shareholders, and additional funds in the process of being raised from other sources including the proposed rights issue of shares, the group and company will be able to meet their obligations as and when they fall due.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended March 31, 2013 were authorised for issue by the Board of Directors on June 27, 2013.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

**ADOPTION OF NEW AND REVISED STANDARDS** - In the current financial year, the group and company have adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to their operations and effective for the group's and company's annual reporting periods beginning on or after April 1, 2012. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years, including the following:

### **Amendments to FRS 107 *Financial Instruments: Disclosures - Transfers of Financial Assets***

The amendments to FRS 107, effective for annual periods beginning on or after July 1, 2011, increase the disclosure requirements for transactions involving transfer of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

At the date of authorisation of these financial statements, the following FRS, INT FRSs and amendments to FRS that are relevant to the group and company were issued but not effective:

Amendments to FRS 1	<i>Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income</i>
FRS 27 (Revised)	<i>Separate Financial Statements</i>
FRS 28 (Revised)	<i>Investments in Associates and Joint Ventures</i>
FRS 110	<i>Consolidated Financial Statements</i>
FRS 111	<i>Joint Arrangements</i>
FRS 112	<i>Disclosure of Interests in Other Entities</i>
FRS 113	<i>Fair Value Measurement</i>
Amendments to FRS 32	<i>Financial Instruments: Presentation and FRS 107 Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities</i>

*Annual Improvements to FRS 2012*

### **Amendments to FRS 1 *Presentation of Financial Statements - Amendments to Presentation of Items of Other Comprehensive Income ("OCI")***

The amendment on Other Comprehensive Income ("OCI") presentation will require the group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss (eg. those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (eg. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax.

Changes arising from these amendments to FRS 1 will take effect from financial periods beginning on or after July 1, 2012, with full retrospective application.

The group is currently evaluating the effects of FRS 1 in the period of initial adoption, if any.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### **FRS 110 Consolidated Financial Statements and FRS 27 Consolidated and Separate Financial Statements**

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation - Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

### **FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures**

FRS 111 supersedes FRS 31 *Interests in Joint Ventures* and INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*.

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 *Investments in Associates and Joint Ventures* to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

When the group adopts FRS 111, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. For arrangements that are joint ventures, the group will have to adopt equity accounting.

### **FRS 112 Disclosures of Interests in Other Entities**

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2014, and the group is currently estimating extent of additional disclosures needed.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### **FRS 113 *Fair Value Measurement***

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

The disclosure requirements in FRS 113 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under FRS 107 *Financial Instruments: Disclosures* will be extended by FRS 113 to cover all assets and liabilities within its scope.

FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application.

### **Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities***

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 107 require entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to FRS 107 are required for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

### **Annual Improvements to FRS 2012**

The Annual Improvements include a number of amendments to various FRSs. The amendments are effective for annual periods beginning on or after January 1, 2013. The amendments include:

- Amendments to FRS 16 *Property, Plant and Equipment*; and
- Amendment to FRS 32 *Financial Instruments: Presentation*.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in FRS 16 and as inventory if otherwise.

Amendments to FRS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with FRS 12 Income Taxes.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management is currently assessing the effects on adoption of the above FRS, INT FRSs and amendments to FRS in future periods and believe that they will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption.

**BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interests of non-controlling shareholders which are present ownership interests and which entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The group adopts the method of measuring the non-controlling interests' using their proportionate share of the fair value of the acquiree's identifiable net assets.

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



# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**BUSINESS COMBINATIONS** - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at acquisition date, the aggregate of the fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date at fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interests were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

**FINANCIAL INSTRUMENT** - Financial assets and financial liabilities are recognised on the group's and company's statement of financial position when the group and company become a party to the contractual provisions of the instrument.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Interest income and expense are recognised on an effective interest basis for debt instruments.

### **Financial assets**

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

### Cash and bank balances

Cash and bank balances comprise cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Available-for-sale financial assets

Certain shares and debt securities held by the group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established.

### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

### Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### **Financial liabilities and equity instruments**

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis. Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

#### Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**INVENTORIES** - Inventories comprising mainly food and beverages are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**INTERESTS IN JOINT VENTURES** - A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the group's share of the net assets of the joint ventures, less any impairment in the value of individual investments. Losses of a joint venture in excess of the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture) are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

**ASSOCIATES** - An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**INTANGIBLE ASSETS** - Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

**GOODWILL** - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The group's policy for goodwill arising on the acquisition of joint venture and associate is described under "Interests in Joint Ventures" and "Associates" below.

**PROPERTY, PLANT AND EQUIPMENT** - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Furniture, fixtures and equipment	-	20% to 33 $\frac{1}{3}$ %
Kitchen equipment	-	20%
Leasehold property	-	2% (over the lease period of 50 years)
Motor vehicles	-	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of the financial period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

**IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL** - At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

**PROVISIONS** - Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**CUSTOMER LOYALTY PROGRAMME** – This relates to loyalty points redeemable by cardholders during the valid redemption period at the group's restaurants. Revenue is recognised when the loyalty points are redeemed.

**GOVERNMENT GRANTS** - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

### Sale of food and beverages

Revenue from the sale of food and beverages is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the food and beverages i.e. when the food and beverages are delivered;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Service charges

Revenue from service charges is recognised when the services are rendered.

### Service income

Revenue from service contracts is recognised when the service is provided in accordance with the substance of the relevant agreement.

### Management fees

Revenue from management contracts is recognised over the management period on a straight-line basis.

### Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable.

### Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**BORROWING COSTS** – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**EMPLOYEE LEAVE ENTITLEMENT** - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rate (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from manner in which company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# Notes to Financial Statements

March 31, 2013

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interest, as appropriate).

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

REPORTABLE SEGMENT - Information reported to the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the restaurant business which forms the basis of identifying the operating segments of the group under FRS 108 *Operating Segments*. The aggregated restaurant business is therefore the group's reportable segment.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### *Critical judgements in applying the group's accounting policies*

There are no critical judgements made by management during the process of the group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

# Notes to Financial Statements

March 31, 2013

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

### *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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.

#### a) Impairment of investments in subsidiaries, joint ventures and associates

Determining whether investments in subsidiaries, joint ventures and associates are impaired requires an estimation of the value in use of these subsidiaries, joint ventures and associates. The value in use calculation requires the management to estimate the future cash flows expected from the cash-generating unit and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverable amount of those investments based on such estimates and is confident that the allowance for impairment, where necessary, is adequate. The carrying amounts of these investments at the end of the reporting period are stated in Notes 11, 12 and 13 to the financial statements.

#### b) Impairment of property, plant and equipment

Determining whether property, plant and equipment is impaired requires an estimation of the value in use. The value in use calculation requires the management to estimate future cash flows and a suitable discount rate in order to calculate the present value of the cash flows. The carrying amount of property, plant and equipment at the end of the reporting period is \$17,773,355 (2012: \$14,871,753) after an impairment loss of \$235,217 (2012: \$1,265,624) was recognised during the financial year as set out in Note 17 to the financial statements.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

### (a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of reporting period:

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
i) Financial assets				
Loans and receivables at amortised cost:				
Cash and bank balances	9,343,215	11,159,443	8,002	54,503
Trade receivables	2,188,719	1,805,812	-	-
Other receivables	1,086,754	1,383,345	933,383	8,729
Long-term security deposits	1,800,701	1,679,670	-	-
Total	<u>14,419,389</u>	<u>16,028,270</u>	<u>941,385</u>	<u>63,232</u>

# Notes to Financial Statements

March 31, 2013

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

### (a) Categories of financial instruments (cont'd)

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
ii) Financial liabilities				
At amortised cost:				
Trade payables	6,144,550	5,301,813	-	-
Other payables	13,810,897	11,609,084	6,570,337	5,747,364
Finance leases	274,677	259,464	-	-
Bank loans	9,169,964	6,925,553	-	-
Total	<u>29,400,088</u>	<u>24,095,914</u>	<u>6,570,337</u>	<u>5,747,364</u>
Financial guarantee contracts	<u>600,000</u>	<u>810,000</u>	<u>10,044,641</u>	<u>8,179,295</u>

### (b) Financial risk management policies and objectives

The group has documented financial risk management policies. These policies set out the group's overall business strategies and its risk management philosophy. The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. Management provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including interest rate risk and foreign exchange risk), credit risk, liquidity risk, cash flow interest rate risk and investing excess cash.

The group does not hold or issue derivative financial instruments for speculative purposes.

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

#### i) Foreign exchange risk management

The group operates principally in Singapore and has some operations in Indonesia and the People's Republic of China, giving rise to some exposures to market risk from changes in foreign exchange rates primarily with respect to Indonesia Rupiah and Renminbi. The group relies on the natural hedges between such transactions.

The group has some investments in foreign entities whose net assets are denominated in Indonesia Rupiah and Renminbi.

The group does not enter into any derivative contracts to hedge the foreign exchange risk on such net investments. The group's monetary assets and monetary liabilities are denominated in the respective group entities' functional currencies, except as indicated in the notes to the financial statements.

As the group's principal operations are in Singapore, it is not significantly exposed to foreign exchange risk and thus foreign currency risk sensitivity analysis has not been disclosed.

# Notes to Financial Statements

March 31, 2013

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

### (b) *Financial risk management policies and objectives (cont'd)*

#### ii) Interest rate risk management

The group's exposure to interest rate risks relate mainly to its bank loans of \$9,169,964 (2012 : \$6,925,553). The interest rates are determined at the respective banks' prime rate plus an applicable margin. The group currently does not use any derivative financial instruments to manage its exposure to changes in interest rates.

#### *Interest rate sensitivity*

The sensitivity analysis below has been determined based on the exposure to interest rates for instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's loss for the year ended March 31, 2013 would increase/decrease by approximately \$45,900 (2012: loss for the year ended March 31, 2012 would increase/decrease by \$34,600) respectively. This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

#### iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The group's credit risk is primarily attributable to its cash and bank balances, trade and other receivables and advances to joint ventures and associates. Liquid funds are placed with banks with high credit ratings. The credit risk with respect to the trade receivables is limited as the group's revenue is generated mainly from cash and credit card sales. Where transactions are conducted other than on a cash basis, the group practises stringent credit review. Allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group's and the company's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Other than the amount due from related parties, the group has no significant concentration of credit risk. Trade receivables are spread over a broad base of customers.

Further details of credit risks on trade and other receivables, advances to joint ventures, associate and subsidiaries are disclosed in Notes 7 and 8 respectively.

# Notes to Financial Statements

March 31, 2013

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

### (b) *Financial risk management policies and objectives (cont'd)*

#### iv) Liquidity risk management

The group funds its operations through a mixture of internal funds and bank borrowings. The group reviews regularly its liquidity reserves comprising free cash flows from its operations and undrawn credit facilities from banks.

The group has a cash pooling system whereby excess liquidity is equalised internally through intercompany accounts. Depending on the specifics of the funding requirements, funding for its operating subsidiaries may be either sourced directly from the group's bankers or indirectly through the company.

The group and the company are dependent on the availability of future cash flows from the group's restaurant operations, unutilised credit facilities given by banks, and the continual financial support by the major shareholders including Zhou Holdings Pte Ltd.

During the year ended March 31, 2013, the directors have taken steps to improve the group's and company's working capital position and cash inflow from their operating and financing activities. Subsequent to the end of financial year, the directors have authorised and kick started plans to raise funds from various sources, such as increase in its bank credit facilities and the proposed rights issue of shares. Unutilised bank credit facilities as at the date of the financial statements amounted to approximately \$3.9 million (2012:\$1.9 million) which include additional loan facilities of approximately \$2.8 million granted by 2 banks to the group subsequent to the end of the financial year. In addition, the major shareholders have extended loans facilities to the group to provide for bridge financing before the funds from other sources have been raised.

The directors are satisfied that with the group's revenue generated mainly from cash and credit card sales, availability of banks' unutilised credit lines, financial support and bridging loans facilities by its major shareholders, and additional funds in the process of being raised from other sources including the proposed rights issue of shares, the group and company will be able to meet their obligations as and when they fall due.

In respect of the corporate guarantee in Note 33, the maximum amount the group and company would be forced to settle if the full guaranteed amount is claimed by the counterparty is \$600,000 and \$10,044,641 (2012: \$810,000 and \$8,179,295) respectively. The earliest period that the guarantee could be called is within 1 year (2012: 1 year) from the end of the reporting period. The group and company consider that it is more likely than not that no amount will be payable under the arrangement.

#### *Liquidity and interest risk analyses*

#### Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and the company can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

# Notes to Financial Statements

March 31, 2013

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

### (b) Financial risk management policies and objectives (cont'd)

#### iv) Liquidity risk management (cont'd)

Group	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
<b>2013</b>						
<u>On balance sheet</u>						
Non-interest bearing:						
Trade payables	-	6,144,550	-	-	-	6,144,550
Other payables	-	11,398,656	2,412,241	-	-	13,810,897
		17,543,206	2,412,241	-	-	19,955,447
Finance leases (fixed rate)	2.55	145,825	169,223	-	(40,371)	274,677
Variable interest rate instruments:						
Bank loans	3.20	5,406,506	3,179,104	1,069,343	(484,989)	9,169,964
Total		23,095,537	5,760,568	1,069,343	(525,360)	29,400,088
<u>Off balance sheet</u>						
Financial guarantee contracts						
(notional amount)	-	600,000	-	-	-	600,000
<b>2012</b>						
<u>On balance sheet</u>						
Non-interest bearing:						
Trade payables	-	5,301,813	-	-	-	5,301,813
Other payables	-	9,921,441	1,687,643	-	-	11,609,084
		15,223,254	1,687,643	-	-	16,910,897
Finance leases (fixed rate)	2.52	130,476	165,072	-	(36,084)	259,464
Variable interest rate instruments:						
Bank loans	3.21	2,677,446	3,420,074	1,212,905	(384,872)	6,925,553
Total		18,031,176	5,272,789	1,212,905	(420,956)	24,095,914
<u>Off balance sheet</u>						
Financial guarantee contracts						
(notional amount)	-	810,000	-	-	-	810,000



# Notes to Financial Statements

March 31, 2013

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

### (b) Financial risk management policies and objectives (cont'd)

#### iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
<u>Company</u>						
<b>2013</b>						
<u>On balance sheet</u>						
Non-interest bearing:						
Other payables	-	6,570,337	-	-	-	6,570,337
<u>Off balance sheet</u>						
Financial guarantee contracts						
(notional amount)	-	10,044,641	-	-	-	10,044,641
<b>2012</b>						
<u>On balance sheet</u>						
Non-interest bearing:						
Other payables	-	5,747,364	-	-	-	5,747,364
<u>Off balance sheet</u>						
Financial guarantee contracts						
(notional amount)	-	8,179,295	-	-	-	8,179,295

# Notes to Financial Statements

March 31, 2013

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

### (b) Financial risk management policies and objectives (cont'd)

#### iv) Liquidity risk management (cont'd)

##### Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial asset is necessary in order to understand the group's liquidity risk management as the group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
<u>Group</u>						
<b>2013</b>						
Non-interest bearing:						
Cash and bank balances	-	8,343,170	-	-	-	8,343,170
Trade receivables	-	2,151,500	37,219	-	-	2,188,719
Other receivables	-	821,426	265,328	-	-	1,086,754
Long-term security deposits	-	-	1,800,701	-	-	1,800,701
		11,316,096	2,103,248	-	-	13,419,344
Fixed interest rate instruments:						
Short-term deposits	0.43	1,000,045	-	-	-	1,000,045
Total		12,316,141	2,103,248	-	-	14,419,389
<b>2012</b>						
Non-interest bearing:						
Cash and bank balances	-	8,167,033	-	-	-	8,167,033
Trade receivables	-	1,740,139	65,673	-	-	1,805,812
Other receivables	-	459,741	923,604	-	-	1,383,345
Long-term security deposits	-	-	1,679,670	-	-	1,679,670
		10,366,913	2,668,947	-	-	13,035,860
Fixed interest rate instruments:						
Short-term deposits	0.17	2,992,410	-	-	-	2,992,410
Total		13,359,323	2,668,947	-	-	16,028,270

# Notes to Financial Statements

March 31, 2013

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

### (b) Financial risk management policies and objectives (cont'd)

#### iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
<u>Company</u>						
<b>2013</b>						
Non-interest bearing:						
Cash and bank balances	-	8,002	-	-	-	8,002
Other receivables	-	933,383	-	-	-	933,383
Total		941,385	-	-	-	941,385
<b>2012</b>						
Non-interest bearing:						
Cash and bank balances	-	54,503	-	-	-	54,503
Other receivables	-	8,729	-	-	-	8,729
Total		63,232	-	-	-	63,232

#### v) Commodity price risk

Certain commodities, principally shark's fins, dried foodstuff, meat, fish and other seafood delicacies, are generally purchased based on market prices established with the suppliers. Although many of the products purchased are subject to changes in commodity prices, certain purchasing contracts or pricing arrangements contain risk management techniques designed to minimise price volatility. Typically, the group uses these types of purchasing techniques to control costs as an alternative to directly using financial instruments to hedge commodity prices. Where commodity cost increases significantly and appears to be long-term in nature, management addresses the risk by adjusting the menu pricing or changing the product delivery strategy.

#### vi) Fair value of financial assets and financial liabilities

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

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

# Notes to Financial Statements

March 31, 2013

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

### (c) *Capital risk management policies and objectives*

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

The capital structure of the group consists of debt, which includes the borrowings disclosed in Note 21, and equity attributable to owners of the company, comprising issued capital, reserves net of accumulated losses.

The group reviews the capital structure on a regular basis and is substantially in compliance with externally imposed capital requirements for the financial year ended March 31, 2013.

The group's overall strategy remains unchanged from 2012.

## 5 RELATED PARTY TRANSACTIONS

Some of the group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable upon demand unless otherwise stated.

Transactions between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and related parties are disclosed below.

Significant related party transactions other than those disclosed elsewhere in the notes to the financial statements are as follows:

	Group	
	2013	2012
	\$	\$
<u>With joint venture</u>		
Purchase of food and beverages	1,932,668	1,687,351
<u>With companies in which certain directors have financial interests</u>		
Interest income	(12,156)	(12,156)
<u>With corporate shareholders of certain subsidiaries</u>		
Sale of food and beverages	(39,427)	(44,823)
Advances from corporate shareholder	-	1,470,000
<u>With corporate shareholders of the company</u>		
Sale of food and beverages	(1,874,381)	(1,562,685)
Purchases of food, beverages and services	434,873	476,365
Rental expenses	3,122,528	3,127,274

# Notes to Financial Statements

March 31, 2013

## 5 RELATED PARTY TRANSACTIONS (cont'd)

### *Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2013	2012
	\$	\$
Short-term benefits	1,472,103	1,591,146
Post-employment benefits	80,213	95,177
Total	<u>1,552,316</u>	<u>1,686,323</u>

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

## 6 CASH AND BANK BALANCES

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash at bank	8,060,322	7,960,601	8,000	54,501
Short-term deposits	1,000,045	2,992,410	-	-
Cash on hand	282,848	206,432	2	2
	<u>9,343,215</u>	<u>11,159,443</u>	<u>8,002</u>	<u>54,503</u>
Less: Cash and bank balances subject to set off	(1,957,156)	(1,940,552)	-	-
Cash and bank balances in the statement of cash flows	<u>7,386,059</u>	<u>9,218,891</u>	<u>8,002</u>	<u>54,503</u>

Cash and bank balances comprise cash held by the group and short-term bank deposits. The carrying amounts of these assets approximate their fair values.

The short-term deposits with banks bear interest at 0.43% (2012: 0.05% to 0.41%) per annum and for a tenure of approximately 92 days (2012: 7 to 182 days). The short-term deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Included in cash at bank is an amount of \$1,957,156 (2012: \$1,940,552) kept with banks which have also extended banking facilities to the group. Under the general standard terms and conditions of the banks' facility letter, such amounts are subject to set off against the liabilities owing to the banks at their discretion.

# Notes to Financial Statements

March 31, 2013

## 7 TRADE RECEIVABLES

	Group	
	2013	2012
	\$	\$
Related parties (Note 5)	257,603	344,779
Outside parties	2,031,116	1,461,033
Less: Allowance for doubtful debts – Outside parties	(100,000)	-
Total	<u>2,188,719</u>	<u>1,805,812</u>
Non-current portion of amount due from related parties (Note 5)	(37,219)	(65,673)
Current portion	<u>2,151,500</u>	<u>1,740,139</u>

The average credit term on sale of goods is 30 days (2012: 30 days). No interest is charged on the outstanding balance.

A substantial shareholder of the company has undertaken to reimburse the group for an amount of \$37,219 (2012: \$65,673) if this is not recoverable from the related parties.

The carrying amount of the non-current portion of amount due from related parties approximates its fair value.

### Analysis of trade receivables

	Group	
	2013	2012
	\$	\$
Not past due and not impaired	1,243,146	829,343
Past due but not impaired (i)	696,756	976,469
Past due and partially impaired (ii)	348,817	-
	<u>2,288,719</u>	<u>1,805,812</u>
Less: Allowance for impairment	(100,000)	-
Total trade receivables, net	<u>2,188,719</u>	<u>1,805,812</u>

(i) Aging of receivables that are past due but not impaired

	Group	
	2013	2012
	\$	\$
< 3 months	464,466	381,981
3 months to 6 months	134,401	156,062
6 months to 12 months	26,217	343,164
> 12 months	71,672	95,262
Total	<u>696,756</u>	<u>976,469</u>

# Notes to Financial Statements

March 31, 2013

## 7 TRADE RECEIVABLES (cont'd)

### Analysis of trade receivables (cont'd)

(ii) Aging of receivables that are past due and partially impaired

	Group	
	2013	2012
	\$	\$
3 months to 6 months	-	-
6 months to 12 months	-	-
> 12 months	348,817	-
Total	348,817	-

The amount is stated before any deduction for impairment losses.

### Movement in the allowance for doubtful debts

	Group	
	2013	2012
	\$	\$
Balance at beginning of the year	-	-
Allowance recognised in profit or loss	100,000	-
Balance at end of the year	100,000	-

Before accepting any new customer, the group obtains customers' general profile to assess the potential customer's credit worthiness and defines credit limit to customer. Credit limits attributed to customers are reviewed periodically. Most of the trade receivables that are neither past due nor impaired relate to customers which the company has assessed to be creditworthy based on the credit evaluation process performed by management.

Included in the group's trade receivables are debtors with a carrying amount of \$1,045,573 (2012: \$976,469) which are past due at the end of the reporting period for which the group has provided \$100,000 (2012: \$Nil) for impairment. Management has done an assessment on the past due debts and noted that as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there are no further credit allowances required in excess of the allowance for doubtful debts.

# Notes to Financial Statements

March 31, 2013

## 8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Advances to:				
Subsidiaries (Note 11)	-	-	10,769	4,859
Associates (Note 13)	265,328	923,604	-	-
Dividend receivable from subsidiaries	-	-	920,000	-
Other receivables	821,426	459,741	2,614	3,870
Sub total	1,086,754	1,383,345	933,383	8,729
Prepayments	316,479	152,277	4,533	1,200
Income tax recoverable	185,626	46,173	15,515	15,515
Total	1,588,859	1,581,795	953,431	25,444
Non-current portion of amount due from associates (Note 13)	(265,328)	(923,604)	-	-
Current portion	1,323,531	658,191	953,431	25,444

### Analysis of other receivables

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Not past due and not impaired	1,086,754	1,383,345	933,383	8,729

The advances to subsidiaries and associates are unsecured, interest-free and repayable on demand.

## 9 INVENTORIES

	Group	
	2013	2012
	\$	\$
Food and beverages	2,170,526	2,193,436
Cook books	14,365	17,410
Total	2,184,891	2,210,846

The cost of inventories recognised as an expense includes \$Nil (2012: \$602) in respect of write-downs of inventory to net realisable value.



# Notes to Financial Statements

March 31, 2013

## 10 LONG-TERM SECURITY DEPOSITS

	Group	
	2013	2012
	\$	\$
Refundable security deposits	1,800,701	1,679,670

These are mainly deposits placed with the landlords and service providers. Management is of the opinion that these deposits have been placed with counterparties who are creditworthy and accordingly no allowance for potential non-recovery of security deposits is required.

Included in the above long-term security deposits are deposits amounting to \$148,050 (2012: \$152,050) placed with a corporate shareholder of the company.

The carrying amounts of the above deposits approximate their fair values.

## 11 SUBSIDIARIES

	Company	
	2013	2012
	\$	\$
Unquoted equity shares, at cost	2,996,715	2,996,715
Impairment loss (a)	(1,200,000)	(1,200,000)
Net	1,796,715	1,796,715
Advances to subsidiaries (b)	13,253,649	11,605,481
Allowance for impairment on advances	(8,871,000)	(8,071,000)
Net	4,382,649	3,534,481
Fair value adjustment on interest-free loan to subsidiaries	929,563	849,782
Allowance for impairment (a)	(500,250)	-
Net	429,313	849,782
Fair value of financial guarantees issued on behalf of subsidiaries at free of consideration	1,348,725	1,135,469
Allowance for impairment (a)	(99,750)	-
Net	1,248,975	1,135,469
Total	7,857,652	7,316,447

# Notes to Financial Statements

March 31, 2013

## 11 SUBSIDIARIES (cont'd)

- (a) Investments in subsidiaries which are either restaurant operators or holding interests in entities which are restaurant operators are impaired when the restaurants showed prolonged operating losses since the opening of the restaurants. Impairment loss is provided on the investment based on value in use. The value in use is based on the available data and the estimated future cash flows discounted to its present value by using a pre-tax discount rate of 9.2% (2012: 9.2%) per annum that reflects current market assessment of the time value of money and the risks specific to the subsidiary. The management has assessed that growth rate of its subsidiaries ranged from 5% to 15% (2012: 5% to 15%) per annum.
- (b) The advances are unsecured, interest-free and not expected to be repaid within the next 12 months as the advances were used to fund the long-term operations of the subsidiaries.

Details of the company's significant subsidiaries are set out below:

Name of subsidiary	Country of incorporation/ operation	Principal activities	Proportion of ownership interest and voting power held	
			2013 %	2012 %
i) <u>Held by the company</u>				
Tung Lok Millennium Pte Ltd	Singapore	Restaurateur	100	100
Tung Lok (China) Holdings Pte Ltd	Singapore	Investment holding	100	100
TLG Asia Pte Ltd	Singapore	Investment holding	100	100
Club Chinois Pte Ltd	Singapore	Restaurateur	75	75
Tung Lok Arena Pte Ltd	Singapore	Restaurateur	70	70
Olde Peking Dining Hall Pte Ltd	Singapore	Restaurateur	60	60
ii) <u>Held by Tung Lok Millennium Pte Ltd</u>				
Charming Garden (Asia Pacific) Pte Ltd	Singapore	Dormant	100	100
Tung Lok Central Restaurant Pte Ltd	Singapore	Restaurateur	100	100
Tung Lok India Ltd <sup>(1)</sup>	British Virgin Islands	Providing consultancy and management services	70	70
Tung Lok Signatures (2006) Pte Ltd	Singapore	Restaurateur	100	100
Tung Lok Xihe Restaurant Pte Ltd <sup>(2)</sup>	Singapore	Restaurateur	60	100
McBistro Pte Ltd <sup>(3)</sup>	Singapore	Restaurateur	70	-

# Notes to Financial Statements

March 31, 2013

## 11 SUBSIDIARIES (cont'd)

Name of subsidiary	Country of incorporation/ operation	Principal activities	Proportion of ownership interest and voting power held	
			2013 %	2012 %
iii) <u>Held by Tung Lok (China) Holdings Pte Ltd</u>				
My Humble House in Beijing (Restaurant) Company Ltd <sup>(4)</sup>	People's Republic of China	Restaurateur	100	100
iv) <u>Held by TLG Asia Pte Ltd ("TLG Asia")</u>				
Tong Le Private Dining Pte Ltd	Singapore	Restaurateur	51	51
Garuda Padang Restaurant (Singapore) Pte Ltd	Singapore	Restaurateur	65	65
Shin Yeh Restaurant Pte Ltd	Singapore	Restaurateur	55	55
PT Ming Cipta Rasa ("PT Ming") <sup>(5) (6)</sup>	Indonesia	Restaurateur	49	49
v) <u>Held by Club Chinois Pte Ltd</u>				
Chinois Pte Ltd	Singapore	Restaurateur	100	100

### Notes on auditors

The subsidiaries are audited by Deloitte & Touche LLP, Singapore except as indicated below:

- (1) Not audited as its operations are not significant to the group.
- (2) In September 2012, the group, through its wholly owned subsidiary, Tung Lok Millennium Pte Ltd, entered into a Joint Venture Agreement with Beijing Xihe Food & Beverages Co., Ltd. ("BJ Xihe"), an entity incorporated in the People's Republic of China. BJ Xihe injected \$480,000 representing 40% of the paid up share capital of Tung Lok Xihe Restaurant Pte Ltd.
- (3) Incorporated on August 22, 2012.
- (4) Audited by Lixin International, Singapore.
- (5) Audited by Grant Thornton Gani Mulyadi & Handayani, Indonesia.
- (6) In February 2012, the group, through its wholly owned subsidiary, TLG Asia, acquired 49% of equity interest in PT Ming representing 49% equity interest in the entity. In July 2012, the shareholders of PT Ming signed a JVD giving TLG Asia control over PT Ming by virtue of its contractual right to appoint, as representatives of the group, a majority of the directors on the board of PT Ming. As such, the group's investment in PT Ming was reclassified from an associate to a subsidiary (Note 13(a)) in July 2012.

# Notes to Financial Statements

March 31, 2013

## 12 JOINT VENTURE

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Unquoted equity shares, at cost	1,775,978	1,775,978	-	-
Share of post-acquisition reserves	(1,925,469)	(2,113,396)	-	-
Total (Note 19)	(149,491)	(337,418)	-	-
Classified as:				
Current liabilities (Note 19)	(149,491)	(337,418)	-	-

In 2012, the company wrote off its investment in a joint venture, Imperium Fine Dining and Entertainment Pte Ltd.

Details of the significant joint venture of the group are set out below:

Name of joint venture	Country of incorporation/ operation	Principal activities	Proportion of equity held by the group	
			2013	2012
			%	%
<u>Held by Tung Lok Millennium Pte Ltd</u>				
T & T Gourmet Cuisine Pte Ltd <sup>(1)</sup>	Singapore	Food manufacturer	50	50

<sup>(1)</sup> Audited by Deloitte & Touche LLP, Singapore. In view of this entity's capital deficiency and the group's provision of financial support to this entity, the group has taken up its share of the liabilities in the joint venture. This is disclosed in Note 19 to the financial statements.

Summarised financial information in respect of the group's joint venture is set out below:

	Group	
	2013	2012
	\$	\$
Current assets	1,053,230	1,112,531
Non-current assets	385,733	260,220
Current liabilities	(1,737,945)	(2,047,587)
Net liabilities	(298,982)	(674,836)
Group's share of net liabilities	(149,491)	(337,418)
Revenue	4,911,162	4,404,470
Expenses	(4,535,308)	(4,103,384)
Profit for the year	375,854	301,086
Group's share of net results	187,927	150,543

# Notes to Financial Statements

March 31, 2013

## 13 ASSOCIATES

	Group	
	2013	2012
	\$	\$
Unquoted equity shares, at cost	2,580,940	2,580,940
Share of post-acquisition reserves	(2,017,116)	(2,022,618)
Net	563,824	558,322
Reclassification of interest in unquoted shares in an associate which became a subsidiary during the year (a)	(36,733)	-
Net	527,091	558,322

- (a) Pursuant to the JVD entered between the shareholders of PT Ming in July 2012, the group has been given the power to control the financial and operating policies of PT Ming by virtue of the group's entitlement to seek for majority board representation in PT Ming notwithstanding that the group holds only 49% of the voting rights in PT Ming. Consequently, PT Ming has been reclassified from an associate to a subsidiary (Note 11). On March 25, 2013, the group appoints a second representative as a director of PT Ming, being the second director of PT Ming to represent the group, out of three directors on the board of PT Ming. In doing so, the group has majority seats on PT Ming's board of directors which aligns with the intention of the shareholders in accordance with the JVD.

Details of the significant associates of the group are set out below:

Name of associates	Country of incorporation/operation	Principal activities	Proportion of equity held by the group	
			2013	2012
			%	%
i) <u>Held by Tung Lok (China) Holdings Pte Ltd</u>				
Shanghai Jinjiang Tung Lok Catering Management Inc <sup>(1)</sup>	People's Republic of China	Restaurateur	49	49
ii) <u>Held by TLG Asia Pte Ltd</u>				
Singapore Seafood Republic Pte Ltd ("SSRPL") <sup>(2)</sup>	Singapore	Restaurateur	25	25
Seafood Republic Pte Ltd ("SRPL") <sup>(2) (3)</sup>	Singapore	Restaurateur	17	17

<sup>(1)</sup> Audited by Lixin International, Singapore.

<sup>(2)</sup> Audited by Deloitte & Touche LLP, Singapore.

<sup>(3)</sup> Although the group holds less than 20% of the voting power in SRPL, the group exercises significant influence over SRPL by virtue of its contractual right to appoint director to the board of SRPL.

# Notes to Financial Statements

March 31, 2013

## 13 ASSOCIATES (cont'd)

The audited financial statements of SSRPL and SRPL are made up to September 30, each year. For the purpose of applying the equity method of accounting, the unaudited management accounts of SSRPL and SRPL for the year ended March 31, 2013 have been used.

Summarised financial information in respect of the group's associates is set out below:

	Group	
	2013	2012
	\$	\$
Current assets	3,049,357	3,809,131
Non-current assets	959,687	2,868,587
Current liabilities	(2,443,320)	(5,098,679)
Net assets	<u>1,565,724</u>	<u>1,579,039</u>
Group's share of net assets	<u>527,091</u>	<u>558,322</u>
Revenue	10,584,681	9,863,775
Expenses	(10,531,526)	(11,601,879)
Profit (Loss) for the year	<u>53,155</u>	<u>(1,738,104)</u>
Group's share of net results	<u>2,336</u>	<u>(415,170)</u>

## 14 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Unquoted equity shares, at cost	113,050	113,050	13,050	13,050
Allowance of impairment loss	(113,050)	(113,050)	(13,050)	(13,050)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The available-for-sale investments consist of unquoted equity investments in Singapore Culinary Institute Pte Ltd incorporated in Singapore and PT Taipan Indonesia, incorporated in Indonesia. These companies are engaged in restaurateur activities.

The unquoted equity shares are stated at cost less any impairment loss at the end of the reporting period as the fair value of the unquoted equity shares cannot be reliably measured.

The investments were fully impaired in prior years.

# Notes to Financial Statements

March 31, 2013

## 15 OTHER INTANGIBLE ASSET

	<b>Group</b>
	<b>\$</b>
Cost:	
Balance as at April 1, 2011, March 31, 2012 and March 31, 2013	100,000
Amortisation:	
Balance at April 1, 2011	87,570
Amortisation for the year	12,430
Balance at March 31, 2012 and March 31, 2013	100,000
Carrying amount:	
At March 31, 2012 and March 31, 2013	-

The intangible asset which pertains to franchise fee has finite useful lives, over which the asset is amortised. The amortisation period is five years. The amortisation is included in 'other operating expenses' in profit or loss.

## 16 GOODWILL

	<b>Group</b>
	<b>\$</b>
Cost:	
Balance as at April 1, 2011, March 31, 2012 and March 31, 2013	310,468
Impairment:	
Balance as at April 1, 2011, March 31, 2012 and March 31, 2013	310,468
Carrying amount:	
At March 31, 2012 and March 31, 2013	-

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

The recoverable amount of the cash-generating unit, relating to My Humble House in Beijing, is determined based on a value in use calculations. The calculation uses cash flow projection based on a financial budget approved by management for the next 5 years based on the estimated growth rate of 3% (2012: 3%) per annum at discount rate of 9.2% (2012: 9.2%) per annum. The carrying amount of goodwill at the end of the reporting period was \$Nil (2012: \$Nil) after an impairment loss of \$310,468 (2012: \$310,468) was recognised in prior years.

# Notes to Financial Statements

March 31, 2013

## 17 PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment	Kitchen equipment	Leasehold property	Motor vehicles	Total
	\$	\$	\$	\$	\$
<u>Group</u>					
Cost:					
At April 1, 2011	24,212,112	7,648,561	4,405,867	835,074	37,101,614
Additions	5,772,556	1,946,571	-	-	7,719,127
Disposals	(5,052,168)	(790,204)	-	-	(5,842,372)
Exchange differences	-	141	-	-	141
At March 31, 2012	24,932,500	8,805,069	4,405,867	835,074	38,978,510
Additions	4,721,724	1,223,799	-	190,854	6,136,377
Assets of associate which became a subsidiary during the year (Note 13)	1,018,371	282,955	-	-	1,301,326
Disposals	(1,466,884)	(560,598)	-	-	(2,027,482)
Exchange differences	-	53	-	-	53
At March 31, 2013	29,205,711	9,751,278	4,405,867	1,025,928	44,388,784
Accumulated depreciation:					
At April 1, 2011	16,852,132	4,727,624	683,271	538,564	22,801,591
Depreciation	2,238,135	926,373	88,119	115,601	3,368,228
Eliminated on disposal	(3,660,312)	(583,826)	-	-	(4,244,138)
At March 31, 2012	15,429,955	5,070,171	771,390	654,165	21,925,681
Depreciation	2,884,984	1,149,292	88,119	94,751	4,217,146
Eliminated on disposal	(1,284,137)	(511,409)	-	-	(1,795,546)
Exchange differences	(2,626)	(673)	-	(93)	(3,392)
At March 31, 2013	17,028,176	5,707,381	859,509	748,823	24,343,889
Impairment:					
At April 1, 2011	1,851,257	316,734	-	28,810	2,196,801
Impairment loss	1,219,429	46,195	-	-	1,265,624
Eliminated on disposal	(1,120,209)	(161,140)	-	-	(1,281,349)
At March 31, 2012	1,950,477	201,789	-	28,810	2,181,076
Impairment loss	68,257	166,960	-	-	235,217
Eliminated on disposal	(126,121)	(18,632)	-	-	(144,753)
At March 31, 2013	1,892,613	350,117	-	28,810	2,271,540
Carrying amount:					
At March 31, 2013	10,284,922	3,693,780	3,546,358	248,295	17,773,355
At March 31, 2012	7,552,068	3,533,109	3,634,477	152,099	14,871,753

An impairment loss amounting to \$235,217 (2012: \$1,265,624) was recognised in profit or loss as certain restaurants have been making losses since inception. The recoverable amount of the relevant assets of the restaurants has been determined on the basis of their value in use. The discount rate used in measuring value in use was 9.2% (2012: 9.2%) per annum. The management has assessed that growth rate of the relevant restaurants ranged from 5% to 15% (2012: 5% to 15%) per annum.



# Notes to Financial Statements

March 31, 2013

## 17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Plant and equipment with the following carrying amounts at the end of the reporting period are under finance leases, which are secured under the finance lease arrangements:

	Group	
	2013	2012
	\$	\$
Furniture, fixtures and equipment	39,242	52,807
Motor vehicles	221,615	152,102
Kitchen equipment	20,698	-
Total	281,555	204,909

Leasehold property with carrying amount of \$3,546,358 (2012: \$3,634,477) has been pledged to secure bank loans (Note 21). Management has estimated the fair value of the leasehold property to be approximately \$7,050,000 as at March 31, 2013.

Details of the leasehold property as at March 31, 2013 are as follows:

Location	Type of premises	Land area (sq ft)	Tenure
20 Bukit Batok Crescent #11-05 to 09, 18 Enterprise Centre Singapore 658080	Office cum factory building	23,659	60 years commencing March 13, 1997

## 18 TRADE PAYABLES

	Group	
	2013	2012
	\$	\$
Outside parties	6,044,412	5,221,172
Related parties (Note 5)	100,138	80,641
Total	6,144,550	5,301,813

The average credit period on purchase of goods is 90 days (2012: 90 days).

# Notes to Financial Statements

March 31, 2013

## 19 OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Dividends payable to non-controlling shareholder of subsidiaries (a)	380,000	-	-	-
Advances from corporate shareholder of the company (b)	-	184,280	-	-
Advances from subsidiaries (Note 11) (c)	-	-	6,336,446	5,518,043
Advances from corporate shareholders of subsidiaries (b)	2,412,241	1,687,643	-	-
Refundable security deposits	409,280	572,925	-	-
Deferred revenue (d)	1,343,310	978,582	-	-
Accrued expenses (e)	6,833,407	5,320,512	201,001	201,951
Net liabilities of a joint venture (Note 12) (f)	149,491	337,418	-	-
Related party (Note 5) (g)	4,329	64,692	-	-
Financial guarantee contracts (h)	-	-	459,279	396,324
Purchase of plant and equipment	952,022	767,255	-	-
Others (i)	2,670,127	2,674,359	32,890	27,370
Total	15,154,207	12,587,666	7,029,616	6,143,688
Non current portion	(2,412,241)	(1,687,643)	-	-
Current portion	12,741,966	10,900,023	7,029,616	6,143,688

- (a) Dividends were declared to non-controlling shareholders of subsidiaries which remained unpaid for year ended March 31, 2013.
- (b) The advances from corporate shareholder of the company and subsidiaries are unsecured, interest-free and repayable on demand.
- (c) The advances from subsidiaries are unsecured, interest-free and repayable on demand.
- (d) Deferred revenue mainly consists of loyalty points issued on the group's Tung Lok First Card Scheme and advertising and promotion cash funding extended by credit card banks. Under the Tung Lok First Card Scheme, card members dining at the group's restaurants are entitled to receive loyalty points depending on their level of spending, which can be used to offset subsequent spending. Under the credit card program partnership agreement, card members of the participating banks are entitled to dine at the company's restaurants with certain privileges.
- (e) Included in accrued expenses which consist of mainly payroll expenses and utility charges, is an amount of \$1,498,816 (2012: \$837,328) being provision for reinstatement costs of premises.
- (f) The group's joint venture, T & T Gourmet Cuisine Pte Ltd, is in capital deficiency position as at March 31, 2013. The group has provided financial support to this entity. Accordingly, losses of the joint venture in excess of the group's interest amounting to \$149,491 (2012: \$337,418), have been recognised by the group.
- (g) The related party is a corporate shareholder that has a common director as the company.
- (h) The company is a party to certain financial guarantees which it provides to banks in respect of credit facilities extended to these subsidiaries.
- (i) Included in others at the group level, other than those highlighted above, are payables to non-trade creditors for other operating expenses.

# Notes to Financial Statements

March 31, 2013

## 20 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	2013	2012
	\$	\$	\$	\$
<u>Group</u>				
Amounts payable under finance leases:				
Within one year	145,825	130,476	131,758	115,848
In the second to fifth year inclusive	169,223	165,072	142,919	143,616
	<u>315,048</u>	<u>295,548</u>	<u>274,677</u>	<u>259,464</u>
Less: future finance charges	(40,371)	(36,084)	N/A	N/A
Present value of lease obligations	<u>274,677</u>	<u>259,464</u>	274,677	259,464
Less: Amount due for Settlement within 12 months (shown under current liabilities)			(131,758)	(115,848)
Amount due for settlement after 12 months			<u>142,919</u>	<u>143,616</u>

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 3 years (2012: 3 years). For the year ended March 31, 2013, the average borrowing rate was 2.55% (2012: 2.52%) per annum. Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the group's lease obligations approximates their carrying amount.

The group's obligations under finance leases are secured by way of corporate guarantees issued by the company and plant and equipment (Note 17).

## 21 BANK LOANS

	Group	
	2013	2012
	\$	\$
Long-term bank loans	<u>9,169,964</u>	<u>6,925,553</u>
The borrowings are repayable as follows:		
On demand or within one year	5,142,738	2,535,326
In the second year	2,018,081	2,301,288
In the third year	763,116	720,359
In the fourth year	129,247	126,272
In the fifth year	131,151	128,092
After five years	<u>985,631</u>	<u>1,114,216</u>
	9,169,964	6,925,553
Less: Amount due for settlement within 12 months (shown under current liabilities)	(5,142,738)	(2,535,326)
Amount due for settlement after 12 months	<u>4,027,226</u>	<u>4,390,227</u>

# Notes to Financial Statements

March 31, 2013

## 21 BANK LOANS (cont'd)

The group has the following principal bank loans:

- a) a loan of \$2,310,579 (2012: \$1,337,123). The loan was raised in March 2012. Repayments commenced in March 2013 and will continue until March 2016. The loan carries effective interest at 2.01% (2012: 2%) per annum, which is cost of fund plus 1.6%;
- b) a loan of \$909,961 (2012: \$1,570,257). The loan was raised in August 2011. Repayments commenced in September 2011 and will continue until July 2014. The loan carries effective interest at 2.92% (2012: 2.92%) per annum, which is swap offer rate plus 2.5%;
- c) a loan of \$855,930 (2012: \$920,582). The loan was raised in July 2009. Repayments commenced in August 2009 and will continue until July 2024. The loan carries effective interest at 2.06% (2012: 2.07%) per annum, which is cost of fund rate plus 2%;
- d) a loan of \$778,780. The loan was raised in June 2012. Repayments commenced in July 2012 and will continue until July 2015. The loan carries effective interest at 2.92% per annum, which is swap offer rate plus 2.5%;
- e) a loan of \$758,111. The loan was raised in May 2012. Repayments commenced in June 2012 and will continue until June 2015. The loan carries effective interest at 2.92% per annum, which is swap offer rate plus 2.5%;
- f) a loan of \$545,867 (2012: \$568,384). The loan was raised in December 2010. Repayment commenced in January 2011 and will continue until December 2030. The loan carries effective interest rate at 5.25% (2012: 2.03%) per annum, which is swap offer rate plus 1.5%;
- g) several other smaller loans ranging from \$178,000 to \$525,000. These loans carry effective interest rate ranging from 1.8% to 5% (2012: 1.95% to 5%) per annum.

The bank loans are secured by way of:

- a) a charge over the leasehold property of a subsidiary as disclosed in Note 17 to the financial statements; and
- b) a corporate guarantee issued by the company.

Bank loan (a) above requires the borrowing subsidiary to observe stipulated gearing ratio and maintain certain minimum average cash balances. These terms are subject to revision by application from the borrowing subsidiary to the lending bank.

Management estimates the fair value of the above loans to approximate their carrying amounts.

# Notes to Financial Statements

March 31, 2013

## 22 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the group and the movement thereon during the year:

	Accelerated tax depreciation
	\$
<hr/>	
<u>Group</u>	
At April 1, 2011	629,064
Charge to profit or loss for the year (Note 28)	67,582
At March 31, 2012	696,646
Credit to profit or loss for the year (Note 28)	(610,358)
At March 31, 2013	<u>86,288</u>

## 23 SHARE CAPITAL

	2013	2012	2013	2012
	Number of ordinary shares		\$	\$
<hr/>				
<u>Group and Company</u>				
Issued and paid up:				
At beginning and end of year	140,000,000	140,000,000	10,269,503	10,269,503

The company has only one class of shares which are the ordinary shares. The ordinary shares have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

## 24 REVENUE

	Group	
	2013	2012
	\$	\$
<hr/>		
Sale of food and beverages	75,214,430	80,011,997
Service charges	5,990,214	6,324,642
Management fees	340,595	303,402
Total	<u>81,545,239</u>	<u>86,640,041</u>

# Notes to Financial Statements

March 31, 2013

## 25 OTHER OPERATING INCOME

	Group	
	2013	2012
	\$	\$
Interest income from:		
Non-related companies	3,695	8,615
Related parties (Note 5)	12,156	12,156
Dividend income from available-for-sale investment	76,452	92,913
Expired card membership points	340,787	379,625
Government grant	326,221	26,808
Sundry income from promotional events	264,482	30,000
Compensation from landlord for early termination of lease	-	850,000
Service income	467,084	72,818
Others	744,337	605,074
Total	<u>2,235,214</u>	<u>2,078,009</u>

## 26 OTHER OPERATING EXPENSES

	Group	
	2013	2012
	\$	\$
Rental expenses	12,095,651	12,404,999
Utilities charges	5,472,986	5,534,270
Depreciation	4,217,146	3,368,228
Repair and maintenance	4,031,410	4,279,889
Commission expense	1,930,448	1,796,466
Advertising and promotions	1,144,777	633,349
Professional fees	916,305	741,047
Entertainment expenses	394,606	565,042
Printing expenses	374,342	356,344
Utensils	339,726	342,586
Decorations	318,231	305,406
Impairment loss on property, plant and equipment	235,217	1,265,624
Penalty to landlord for early termination of lease	189,268	-
Forfeiture of rental deposit	180,331	-
Allowance for doubtful debts	100,000	-
Loss on disposal of plant and equipment	87,183	314,231
Trade receivable written off	11,657	-
Other receivables written off – advance to investee company	-	6,070
Amortisation of other intangible asset	-	12,430
Others	2,617,185	2,890,491
Total	<u>34,656,469</u>	<u>34,816,472</u>

# Notes to Financial Statements

March 31, 2013

## 27 FINANCE COSTS

	Group	
	2013	2012
	\$	\$
Interest on:		
Bank loans	274,770	241,036
Obligations under finance leases	17,725	19,306
Others	58,425	25,627
Total	350,920	285,969

## 28 INCOME TAX

Income tax recognised in profit or loss:

	Group	
	2013	2012
	\$	\$
Tax (benefit) expense comprises:		
Current tax	(106,756)	82,966
Deferred tax	(610,358)	67,582
Withholding tax	-	12,304
Total tax (benefit) expense	(717,114)	162,852

Domestic income tax (benefit) expense is calculated at 17% (2012: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total tax (benefit) charge for the year can be reconciled to the accounting loss as follows:

	Group	
	2013	2012
	\$	\$
Loss before tax	(4,325,197)	(2,147,693)
Income tax benefit calculated at 17% (2011: 17%)	(735,283)	(365,108)
Tax effect on the share of results of joint ventures and associates which is shown after tax	(32,345)	44,987
Effect of expenses that are not deductible in determining taxable profit	322,329	643,936
Effect of unused tax losses and other temporary differences not recognised as deferred tax assets	310,727	185,741
Effect of different tax rate of subsidiaries operating in other jurisdictions	(100,361)	4,303
Tax exempted income	(109,717)	(125,911)
Effect under PIC Scheme	(289,834)	(195,037)
Withholding tax	-	12,304
Corporate income tax rebate	(48,650)	-
Others	(33,980)	(42,363)
Income tax (benefit) expense recognised in profit or loss	(717,114)	162,852

# Notes to Financial Statements

March 31, 2013

## 28 INCOME TAX (cont'd)

As at the end of the reporting period, the group has the following unused tax losses and temporary differences which are available for offsetting against future taxable income as follows:

	Group	
	2013	2012
	\$	\$
a) <u>Tax loss carryforwards</u>		
At beginning of year	3,173,253	2,063,428
Adjustment to prior year	49,266	10,652
Amount in current year	1,353,079	1,099,173
At end of year	<u>4,575,598</u>	<u>3,173,253</u>
Deferred tax benefit not recorded	<u>777,852</u>	<u>539,453</u>
b) <u>Other temporary differences</u>		
At beginning of year	1,189,515	1,206,745
Adjustment to prior year	111,680	(17,230)
Amount in current year	474,723	-
At end of year	<u>1,775,918</u>	<u>1,189,515</u>
Deferred tax benefit not recorded	<u>301,906</u>	<u>202,218</u>

The above tax loss carryforwards and other temporary differences are subject to agreement with the tax authorities in Singapore and in the jurisdictions in which the group operates. In addition, the Singapore tax loss carryforwards and other temporary differences are subject to the retention of majority shareholders as defined.

The above deferred tax benefits have not been recognised in the financial statements due to the unpredictability of future profit streams.

The company and subsidiaries in Singapore enjoy deduction/allowances at 400% of eligible expenses up to a limit of its expenditure per year under the enhanced Productivity and Innovation Credit ("PIC") Scheme as announced in Budget 2012 and 2013.



# Notes to Financial Statements

March 31, 2013

## 29 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Group	
	2013	2012
	\$	\$
Staff costs (including directors' remuneration)	25,489,883	26,576,526
Cost of defined contribution plans (included in staff costs)	1,827,443	1,835,271
Cost of inventories recognised as expense	23,177,565	24,618,414
Write-down of inventory	-	602
Loss on disposal of property, plant and equipment	87,183	314,231
Audit fees:		
- Auditors of the company	236,000	236,000
- Other auditors	78,580	34,066
Directors' remuneration (excluding directors' fees):		
- of the company	448,425	481,162
- of the subsidiaries	463,023	475,875
Directors' fees	173,000	173,000
Net foreign exchange loss	33,222	332

## 30 LOSS PER SHARE

Loss per share is based on the group's loss for the year attributable to owners of the company of \$3,169,072 (2012: \$1,794,847) divided by 140,000,000 (2012: 140,000,000) being the number of ordinary shares outstanding during the financial year.

There is no dilution of earnings per share as the company and the group did not issue nor have outstanding at the end of the financial period, any financial instruments which have the effect of diluting the earnings per share.

## 31 DIVIDENDS

On August 31, 2011, a final tax-exempt one-tier dividend of 0.5 cent per share totalling \$700,000 in respect of the financial year ended March 31, 2011 was paid to shareholders.

# Notes to Financial Statements

March 31, 2013

## 32 SEGMENT INFORMATION

### Reportable segment

Information reported to the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the restaurant business which forms the basis of identifying the operating segments of the group under FRS 108 *Operating Segments*. The aggregated restaurant business is therefore the group's reportable segment.

The accounting policies of the reportable segment are the same as the group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of control administration costs and directors' salaries.

### Geographical information

The group operates in Singapore, Indonesia and the People's Republic of China.

The following table provides an analysis of the group's revenue from external customers based on the geographical location where revenue is generated:

	Group Sales revenue by geographical market	
	2013	2012
	\$	\$
Singapore	78,397,011	84,717,169
People's Republic of China	1,784,300	1,922,872
Indonesia	1,363,928	-
Total	<u>81,545,239</u>	<u>86,640,041</u>

The following is an analysis of the carrying amount of segment assets (non-current assets excluding financial instruments, investments in joint ventures and associates) analysed by the geographical location in which the assets are located:

	Group Non-current assets	
	2013	2012
	\$	\$
Singapore	16,529,994	14,868,061
People's Republic of China	5,071	3,692
Indonesia	1,238,290	-
Total	<u>17,773,355</u>	<u>14,871,753</u>

The non-current assets comprise property, plant and equipment.

# Notes to Financial Statements

March 31, 2013

## 32 SEGMENT INFORMATION (cont'd)

### Information about major customers

The revenue is spread over a broad base of customers.

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of control administration costs and directors' salaries.

## 33 CONTINGENT LIABILITIES

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Corporate guarantees issued for bank facilities, finance lease facilities and corporate loans granted to:				
- Subsidiaries	-	-	9,444,641	7,369,295
- Joint venture company	600,000	810,000	600,000	810,000
Net	600,000	810,000	10,044,641	8,179,295
Letters of undertaking to provide finances to loss making subsidiaries, joint venture company and associates	542,096	553,976	10,178,429	6,946,907
Total	1,142,096	1,363,976	20,223,070	15,126,202

The management is of the opinion that the fair value of the above corporate guarantee is not material.

## 34 OPERATING LEASE ARRANGEMENTS

	Group	
	2013	2012
	\$	\$
Lease expenses under operating leases	12,095,651	12,404,999

Included in the lease expenses is an amount of \$1,079,545 (2012: \$1,174,586) contingent rental incurred during the year as well as an amount of \$3,122,528 (2012: \$3,127,274) paid to a related party (Note A).

# Notes to Financial Statements

March 31, 2013

## 34 OPERATING LEASE ARRANGEMENTS (cont'd)

As at the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2013	2012
	\$	\$
Within one year		
- non-related parties	8,411,485	7,849,046
- related party (Note A)	2,299,534	2,491,878
	<u>10,711,019</u>	<u>10,340,924</u>
In the second to fifth years inclusive		
- non-related parties	11,546,875	10,936,409
- related party (Note A)	3,648,149	560,066
	<u>15,195,024</u>	<u>11,496,475</u>
Total	<u>25,906,043</u>	<u>21,837,399</u>

Note A: The related party is a corporate shareholder of the company.

Operating lease payments represent rentals payable by the group for its restaurant premises and office leases. Leases are negotiated and rentals fixed for an average of 3 years (2012: 3 years).

According to the terms of the contracts entered into by certain operating subsidiaries at the end of the reporting period, contingent rental would be payable by these subsidiaries based on a percentage of the monthly sales turnover in excess of a specified amount. Contingent rental is not included here as it is currently not determinable.

# Statistics of Shareholdings

As at 18 June 2013

Number of Issued Shares	:	140,000,000
Issued and fully paid capital	:	S\$10,269,503/-
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

## Distribution of Shareholders by size of shareholdings as at 18 June 2013

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 999	2	0.31	700	0.00
1,000 to 10,000	469	72.71	1,584,300	1.13
10,001 to 1,000,000	166	25.74	12,096,000	8.64
1,000,001 AND ABOVE	8	1.24	126,319,000	90.23
<b>TOTAL</b>	<b>645</b>	<b>100.00</b>	<b>140,000,000</b>	<b>100.00</b>

## Shareholdings in the hands of public as at 18 June 2013

The percentage of shareholdings in the hands of the public was approximately 13.08% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual – Section B : Rules of the Catalist which states that an issuer must ensure that at least 10% of its ordinary shares is at all times held by the public.

The Company did not hold any treasury shares as at 18 June 2013.

## Twenty largest Shareholders as at 18 June 2013

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	ZHOU HOLDINGS PTE LTD	53,200,000	38.00
2	GOODVIEW PROPERTIES PTE LTD	26,968,000	19.26
3	TEE YIH JIA FOOD MANUFACTURING PTE LTD	25,018,000	17.87
4	ANTICA CAPITAL PTE LTD	14,500,000	10.36
5	GOH CHENG LIANG	2,400,000	1.72
6	ANG TJIA LENG @ WIDJAJA LINDA ANGGRAINI	1,479,000	1.06
7	CHIN KAI SENG	1,404,000	1.00
8	YEOW SENG (SEAFOOD) PTE LTD	1,350,000	0.96
9	OCBC SECURITIES PRIVATE LTD	880,000	0.63
10	TAY KWANG THIAM	602,000	0.43
11	YIO KANG LENG	600,000	0.43
12	NG HWEE KIAT	568,000	0.41
13	SIM LAI HEE	500,000	0.36
14	NO SIGNBOARD SEAFOOD RESTAURANT PTE LTD	488,000	0.35
15	SEONG PECK THONG	380,000	0.27
16	NEO MENG HWA	300,000	0.21
17	CHIN AH SOH	251,000	0.18
18	CITIBANK NOMINEES SINGAPORE PTE LTD	238,000	0.17
19	TJIOE KA MEN	226,000	0.16
20	MARIA ELIZABETH LIMAN	200,000	0.14
21	KOH BEE LIANG	200,000	0.14
22	HENKY IRAWAN	200,000	0.14
	<b>TOTAL</b>	<b>131,952,000</b>	<b>94.25</b>

# Statistics of Shareholdings

As at 18 June 2013

## Substantial Shareholders

NAME OF SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST		TOTAL	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Zhou Holdings Pte Ltd	53,200,000	38.00	-	-	53,200,000	38.00
Zhou Yingnan	-	-	53,200,000*	38.00	53,200,000	38.00
Tjioe Ka Men	226,000	0.16	54,679,000**	39.06	54,905,000	39.22
Tjioe Ka In	54,000	0.04	53,200,000*	38.00	53,254,000	38.04
Goodview Properties Pte Ltd	26,968,000	19.26	-	-	26,968,000	19.26
Far East Organization Centre Pte. Ltd.	-	-	26,968,000 #	19.26	26,968,000	19.26
Mdm Tan Kim Choo	-	-	27,206,000##	19.43	27,206,000	19.43
Estate of Ng Teng Fong, Deceased	-	-	27,206,000###	19.43	27,206,000	19.43
Tee Yih Jia Food Manufacturing Pte Ltd	25,018,000	17.87	-	-	25,018,000	17.87
Goi Seng Hui	-	-	25,018,000+	17.87	25,018,000	17.87
Antica Capital Pte. Ltd.	14,500,000	10.36	-	-	14,500,000	10.36
Andre Tanoto	-	-	14,500,000@	10.36	14,500,000	10.36

\* Deemed to be interested in these shares held by Zhou Holdings Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50

\*\* Deemed to be interested in the 53,200,000 shares held by Zhou Holdings Pte Ltd and 1,479,000 shares held by Ang Tjia Leng @ Widjaja Linda Anggraini (spouse) by virtue of Section 7 of the Companies Act, Cap. 50

# Deemed to be interested in these shares held by Goodview Properties Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50

## Deemed to be interested in the 26,968,000 shares held by Goodview Properties Pte Ltd as her associate, the Estate of Ng Teng Fong, Deceased has a controlling interest in Far East Organisation Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd; and 238,000 shares held by Kuang Ming Investments Pte. Ltd. by virtue of she having more than 20% interest in Kuang Ming Investments Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap. 50

### Deemed to be interested in the 26,968,000 shares held by Goodview Properties Pte Ltd by virtue of its controlling interest in Far East Organization Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd; and 238,000 shares held by Kuang Ming Investments Pte. Ltd. as its associate, Mdm Tan Kim Choo, has more than 20% interest in Kuang Ming Investments Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap. 50

+ Deemed to be interested in these shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50

@ Deemed to be interested in the shares held by Antica Capital Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap. 50

# Notice of 13th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 13th Annual General Meeting of **TUNG LOK RESTAURANTS (2000) LTD** will be held at Orchard Parade Hotel, 1 Tanglin Road, Level 2, Antica Ballroom, Singapore 247905 on Tuesday, 30 July 2013 at 11:00 a.m. for the following purposes :-

## AS ORDINARY BUSINESS

1. To receive the audited accounts for the financial year ended 31 March 2013 and the Reports of the Directors and Auditors. **[Resolution 1]**
2. To approve Directors' fees of S\$173,000/- for the financial year ended 31 March 2013. (2012: S\$173,000/-) **[Resolution 2]**
3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association :-
  - (a) Dr Ker Sin Tze (Pursuant to Article 91) **[Resolution 3(a)]**
  - (b) Mr Goi Seng Hui (Pursuant to Article 91) **[Resolution 3(b)]**

Dr Ker Sin Tze will, upon re-appointment as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Remuneration and Audit and Risk Committees and will be considered independent.

Mr Goi Seng Hui will, upon re-appointment as a Director of the Company, remain as a member of the Nominating and Audit and Risk Committees and will be considered non-independent.

4. To pass the following Ordinary Resolution :-

"That pursuant to Section 153(6) of the Companies Act, Cap. 50, Dr Tan Eng Liang be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting."

Dr Tan Eng Liang will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committees, and will be considered independent.

**[Resolution 4]**
5. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration. **[Resolution 5]**

## AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following as Ordinary Resolutions, with or without modifications :-

6. Authority to allot and issue shares **[Resolution 6]**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the SGX-ST Catalist Listing Rules, authority be and is hereby given to the Directors of the Company to:

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

# Notice of 13th Annual General Meeting

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

- (iii) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors whilst this resolution was in force.

provided THAT:

- (a) the aggregate number of shares to be issued pursuant to this resolution does not exceed 100% of the total number of issued shares in the Company (excluding treasury shares), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury shares);
- (b) for the purpose of determining the aggregate number of shares that may be issued under paragraph (a) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this resolution is passed, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time this resolution is passed, and (ii) any subsequent bonus issue, consolidation or subdivision of shares; and
- (c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or when it is required by law to be held, whichever is earlier. [See Explanatory Note (i)]

7. To approve the renewal of the Shareholders' Mandate for Interested Person Transactions ("IPTs")

[Resolution 7]

- (a) That approval be and is hereby given for the purposes of Chapter 9 of the SGX-ST Catalist Listing Rules for any of the Entities at Risk (as defined in the Appendix to this Notice of the Annual General Meeting) to enter into any of the transactions falling within the types of IPTs (particulars of which are set out in the Appendix accompanying this notice) with the Interested Persons in accordance with the guidelines of the Company for IPTs as set out in the Appendix, and subject to the review procedures for such IPTs as set out in the Appendix (the "IPT Mandate");
- (b) That such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company;
- (c) That the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of review procedures for the IPTs and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and
- (d) That the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including without limitation executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by the proposed IPT Mandate and/or this Resolution. [See Explanatory Note (ii)]



# Notice of 13th Annual General Meeting

8. To transact any other ordinary business of an Annual General Meeting of which due notice shall have been given.

**By Order of the Board**

**CHAN WAI TENG PRISCILLA**

Secretary

Singapore

Date: July 12, 2013

# Notice of 13th Annual General Meeting

## EXPLANATORY NOTES TO RESOLUTIONS :

- (i) In relation to Resolution 4, Mr Ch'ng Jit Koon who retires at the conclusion of this AGM pursuant to Section 153(6) of the Companies Act, Cap. 50, and although eligible, has indicated that he is not offering himself for re-appointment. Mr Ch'ng Jit Koon will step down as the Chairman of the Remuneration Committee, and as a member of the Nominating and Audit and Risk Committees. The Board is actively sourcing for an Independent Non-Executive Director to fill the vacancies in the Board and the respective committees which will arise following Mr Ch'ng's retirement.
- (ii) Resolution 6 proposed in item 6 above is to authorise the Directors of the Company to issue shares in the capital of the Company up to an amount not exceeding in aggregate 100 percent (100%) of the total number of issued shares in the capital of the Company, excluding treasury shares, at the time of the passing of this resolution, of which the aggregate number of shares to be issued other than on a pro-rata basis to the shareholders of the Company does not exceed fifty percent (50%) of the total number of issued shares in the capital of the Company, excluding treasury shares.
- (iii) Resolution 7 proposed in item 7 above, if passed, will renew the IPT Mandate for certain transactions with the interested persons and empower the Directors of the Company from the date of the above meeting until the date of the next Annual General Meeting to do all acts necessary to give effect to the Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company. In accordance with the requirements of Chapter 9 of the SGX-ST Catalyst Listing Rules, Mr Goi Seng Hui being an "Interested Person" in relation to the IPT Mandate, will abstain from voting, and will ensure that his respective associates abstain from voting, on Resolution 7 relating to the IPT Mandate.

## NOTES :

- 1) A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- 2) The instrument appointing a proxy must be deposited at the Company's Registered Office, 1 Sophia Road #05-03 Peace Centre Singapore 228149, not less than 48 hours before the time fixed for holding the Annual General Meeting.

This Notice of Annual General Meeting has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified its contents. This Notice of Annual General Meeting has not been examined or approved by SGX-ST. SGX-ST and the Sponsor assume no responsibility for the contents of this document, including the correctness of any of the statements made, reports contained or opinions expressed in this Notice of Annual General Meeting. The contact person for the Sponsor is Mr Ong Hwee Li (Registered Professional, SAC Capital Private Limited), Address: 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, Tel: 6221 5590.

12 July 2013

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

This Appendix is circulated to Shareholders of Tung Lok Restaurants (2000) Ltd (the “**Company**”) together with the Company’s Annual Report. Its purpose is to explain to Shareholders the rationale and provide information relating to the renewal of the IPT Mandate (as defined herein) to be tabled at the Annual General Meeting to be held on 30 July 2013 at 11:00 a.m. at Orchard Parade Hotel, 1 Tanglin Road, Level 2, Antica Ballroom, Singapore 247905 (the “**Annual General Meeting**”).

If you have sold or transferred all your ordinary shares in the capital of Company represented by physical share certificate(s), you should immediately forward this Appendix together with the Annual report and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified its contents. This Appendix has not been examined or approved by SGX-ST. SGX-ST and the Sponsor assume no responsibility for the contents of this document, including the correctness of any of the statements made, reports contained or opinions expressed in this Appendix. The contact person for the Sponsor is Mr Ong Hwee Li (Registered Professional, SAC Capital Private Limited), Address: 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, Tel: 6221 5590.



## **TUNG LOK RESTAURANTS (2000) LTD**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200005703N)

**APPENDIX TO THE NOTICE OF THE ANNUAL GENERAL MEETING DATED 12 JULY 2013 IN RELATION TO THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS**

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## CONTENTS

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1.	INTRODUCTION.....	96
2.	THE PROPOSED RENEWAL OF THE IPT MANDATE .....	96
3.	CHAPTER 9 OF THE CATALIST RULES.....	96
4.	THE IPT MANDATE.....	98
5.	INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS .....	106
6.	SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS .....	106
7.	STATEMENT OF THE AUDIT COMMITTEE .....	107
8.	UNAFFECTED DIRECTORS' RECOMMENDATIONS .....	107
9.	ABSTENTION FROM VOTING.....	107
10.	DIRECTORS' RESPONSIBILITY STATEMENT .....	108
11.	DOCUMENTS AVAILABLE FOR INSPECTION .....	108

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## DEFINITIONS

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Unless otherwise stated, the following definitions shall apply throughout this Appendix.

<b>“Act”</b>	:	The Companies Act (Cap. 50) of Singapore
<b>“AGM”</b>	:	Annual General Meeting of the Company
<b>“Approved Exchange”</b>	:	A stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules
<b>“Appendix”</b>	:	This Appendix to the Shareholders dated 12 July 2013
<b>“Associate”</b>	:	(a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more</li></ul> (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
<b>“Associated Company”</b>	:	A company in which at least 20% but not more than 50% of its shares are held by the Group or the TYJ Group (as the case may be)
<b>“Audit and Risk Committee”</b>	:	The Audit and Risk Committee of the Company, comprising Dr Tan Eng Liang, Dr Ker Sin Tze, Mr Ch’ng Jit Koon, Mr Wee Kheng Jin and Mr Goi Seng Hui
<b>“Board”</b>	:	The board of directors of the Company
<b>“Catalist Rules”</b>	:	Section B: Rules of Catalist of the Listing Manual of SGX-ST
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Company”</b>	:	Tung Lok Restaurants (2000) Ltd

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## DEFINITIONS

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<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"><li>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company. SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or</li><li>(b) in fact exercises control over a company</li></ul>
<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“Entities at Risk”</b>	:	The Company, its subsidiaries that are not listed on SGX-ST or an Approved Exchange and its associated companies that are not listed on SGX-ST or an Approved Exchange, provided that the Group, or the Group and its interested person(s), has control over the associated company
<b>“Executive Chairman”</b>	:	The most senior executive officer who is responsible under the immediate authority of the Board for the conduct of the business of the Company
<b>“FY”</b>	:	Financial year ended or ending 31 March, as the case may be
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“GSH”</b>	:	Mr Goi Seng Hui
<b>“GSH Associate”</b>	:	Means, in relation to GSH: <ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and</li></ul> shall for the purposes of the IPT Mandate, include (i) the TYJ Group, (ii) such Associated Companies of the TYJ Group in which GSH and his immediate family together (directly or indirectly) have an interest of 30% or more (this includes T&T)
<b>“Immediate Family”</b>	:	in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
<b>“Interested Person”</b>	:	Means, (a) a Director, Chief Executive Officer, or Controlling Shareholder of the Company; or (b) an associate of any such Director, Chief Executive Officer or Controlling Shareholder  For the purposes of the IPT Mandate, means GSH and the GSH Associates
<b>“IPT”</b>	:	An interested person transaction between any of the Entities at Risk and the Interested Persons

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## DEFINITIONS

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<b>“IPT Mandate”</b>	:	The Shareholders’ mandate for IPTs pursuant to Rule 920 of the Catalist Rules
<b>“Latest Practicable Date”</b>	:	3 July 2013, being the latest practicable date prior to the printing of this Appendix
<b>“Management”</b>	:	The Directors and management of the Company
<b>“NTA”</b>	:	Net tangible asset
<b>“Recurrent IPTs”</b>	:	Shall have the meaning ascribed to it in paragraph 4.5
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares, except that, where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares
<b>“Shares”</b>	:	Ordinary shares in the share capital of the Company
<b>“Subsidiary”</b>	:	Shall have the meaning ascribed to it in the Act
<b>“Substantial Shareholder”</b>	:	A person has a substantial shareholding in a company if:-  (a) he has an interest or interests in one or more voting shares in the company; and  (b) the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company
<b>“T&amp;T”</b>	:	T&T Gourmet Cuisine Pte Ltd, a joint venture company which is owned equally by the Company and TYJ through their respective wholly-owned subsidiaries. T&T is an associated company of the Group and a GSH Associate
<b>“TYJ”</b>	:	Tee Yih Jia Food Manufacturing Pte Ltd
<b>“TYJ Group”</b>	:	TYJ and its subsidiaries
<b>“Unaffected Directors”</b>	:	The Directors who are deemed to be independent for the purposes of making a recommendation to Shareholders in respect of the IPT Mandate, namely Mr Tjioe Ka Men, Ms Tjioe Ka In, Dr Ker Sin Tze, Dr Tan Eng Liang, Mr Ch’ng Jit Koon and Mr Wee Kheng Jin
<b>“2011 EGM”</b>	:	The extraordinary general meeting of the Company held on 29 July 2011
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents respectively
<b>“%”</b>	:	per centum or percentage

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## DEFINITIONS

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The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons, where applicable, shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act or the Catalist Rules or any modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Act or the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables included in this Appendix between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time and date respectively, unless otherwise stated.



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## LETTER TO SHAREHOLDERS

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### TUNG LOK RESTAURANTS (2000) LTD

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200005703N)

#### 1. INTRODUCTION

- 1.1 At the 2011 EGM, the Company obtained the IPT Mandate whereby authority was given to the Company and/or its subsidiaries to enter into IPTs with GSH and the GSH Associates (including the TYJ Group and T&T) in the ordinary course of business provided that such transactions are made on normal commercial terms and in accordance with the review procedure of such transactions.
- 1.2 Resolution 7 in the Notice of Annual General Meeting relates to the renewal of the IPT Mandate. This Appendix is to provide the Shareholders with the relevant information relating to the above. The approval of Shareholders for the renewal of the IPT Mandate will be sought at the AGM to be held on 30 July 2013.

#### 2. THE PROPOSED RENEWAL OF THE IPT MANDATE

- 2.1 The IPT Mandate obtained at the 2011 EGM was expressed to have effect until the next AGM of the Company. As such, the abovesaid IPT Mandate will expire on 30 July 2013. Pursuant to Rule 920 of the Catalist Rules, the Company will seek Shareholders' approval for the proposed renewal of the IPT Mandate.
- 2.2 The proposed renewal of the IPT Mandate will enable the Company and/or its subsidiaries which are considered to be Entities at Risk within the meaning of Rule 904(2) of the Catalist Rules, in their ordinary course of business, to enter into categories of transactions with specified classes of the Company's interested persons, provided that such transactions are entered into on normal commercial terms and will not be prejudicial to the interests of the Company and/or its minority Shareholders.
- 2.3 There is no change in the categories of transactions, entities at risk and interested persons in the proposed renewal of the IPT Mandate.
- 2.4 The renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto at the forthcoming AGM and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM of the Company. Approval from the Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit and Risk Committee of its continued relevance and application to the transactions with the Interested Persons and confirms that the methods or review procedures for the transactions with Interested Persons are sufficient to ensure that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and/or its minority Shareholders.

#### 3. CHAPTER 9 OF THE CATALIST RULES

Chapter 9 of the Catalist Rules governs transactions by the Company and/or its subsidiaries, with interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders. An interested person transaction includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of

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## LETTER TO SHAREHOLDERS

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business, and whether or not entered into directly or indirectly. An “interested person” is defined to mean a Director, Chief Executive Officer or Controlling Shareholder or the listed company or an associate of such Director, Chief Executive Officer or Controlling Shareholder.

Save as otherwise provided under Chapter 9 of the Catalist Rules, an immediate announcement and/or shareholders’ approval is required in respect of an interested person transaction if the value of the transaction is equal to or exceeds certain financial thresholds.

- (a) An immediate announcement is required where:
  - (i) the value of a proposed transaction is equal to or exceeds 3% of the Group’s latest audited consolidated NTA (“**Threshold 1**”); or
  - (ii) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than Threshold 1. In this instance, an announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.
  
- (b) Shareholders’ approval is required where:
  - (i) the value of a proposed transaction will be equal to or will exceed 5% of the Group’s latest audited consolidated NTA (“**Threshold 2**”); or
  - (ii) the aggregate value of all transactions entered into with the same interested person during the same financial year, will be equal to or exceed Threshold 2. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.
  
- (c) The value of a transaction is the amount at risk to the listed company:
  - (i) in the case of a partly-owned subsidiary or associate company, the value of the transaction is the listed company’s effective interest in that transaction;
  - (ii) in the case of a joint venture, the value of the transaction includes the equity participation, shareholders’ loans and guarantees given by the entity at risk; and
  - (iii) in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan.

Part VIII of Chapter 9 of the Catalist Rules allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company’s interested persons. The IPT mandate was such a general mandate and is subject to annual renewal.

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## LETTER TO SHAREHOLDERS

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### 4. THE IPT MANDATE

#### 4.1 Background and relationship between the parties

The Group and its associated companies owns and/or manages about 40 restaurants.

The TYJ Group and its associated companies are, amongst other things, carrying on business as manufacturers and distributors of frozen foods. TYJ is also a Controlling Shareholder of the Company holding 17.87% of the total issued share capital of the Company as at the Latest Practicable Date.

As the Group, the TYJ Group and their respective associated companies are in complementary businesses, the Group and its associated companies has from time to time, had various business dealings with the TYJ Group and its associated companies in their ordinary course of business. In April 2005, the Company's subsidiary, Tung Lok Millennium Pte Ltd, together with TYJ's subsidiary, Maker Food Manufacturing Pte Ltd, set up a joint venture company, T&T, to carry out the manufacturing and sale of various food products. The Company and TYJ each have equal control of the financial and operating policies of T&T. The joint venture was conceived due to the synergies between the business of the Group and that of the TYJ Group. Such synergies, amongst other things, include the existing distribution network and contacts that the TYJ Group has as a distributor of frozen food products, which T&T can tap on.

GSH has been a Director of the Company since 23 June 2011. GSH is a Controlling Shareholder and has an interest in more than 30% of the total issued shares in the capital of TYJ. As a result, GSH is deemed interested in the shares of the Company owned by TYJ, a Controlling Shareholder of the Company. GSH and the GSH Associates would be "**Interested Persons**" within the meaning of Rule 904 of the Catalist Rules. As such, transactions between the Group and its Associated Companies and GSH and the GSH Associates will constitute "**Interested Person Transactions**" under Chapter 9 of the Catalist Rules.

The IPT Mandate was proposed to enable the Entities at Risk to enter into recurrent transactions (more particularly set out in paragraph 4.4) in the ordinary course of its business with the Interested Persons (more particularly set out in paragraph 4.2), provided that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and/or its minority Shareholders.

#### 4.2 Classes of Interested Persons

The IPT Mandate will apply to the following classes of Interested Persons:

- (a) GSH; and
- (b) the GSH Associates (including the TYJ Group and T&T).

T&T, being (i) an Associated Company of the Company (over which the Group has joint control with the TYJ Group); and (ii) a GSH Associate (being a company in which GSH indirectly has an interest of 30% or more), would be deemed both an "Entity at Risk" and an "Interested Person" respectively for the purposes of the IPT Mandate.

#### 4.3 Scope of the IPT Mandate

The IPT Mandate will cover a wide range of transactions arising from the ordinary course of business of the Entities at Risk as set out in paragraph 4.4 below.

Under the IPT Mandate, transactions below S\$100,000 shall be included for the purposes of aggregation under Rules 905 and 906 of the Catalist Rules.

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## LETTER TO SHAREHOLDERS

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Transactions between the Entities at Risk with interested persons that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules.

### 4.4 Categories of IPTs

The categories of IPTs which will be covered by the IPT Mandate are as set out below:

(a) Purchase of raw materials, semi-processed products or certain finished products from Interested Persons

(i) *T&T as an Entity at Risk*

Since April 2005, T&T has from time to time made joint purchases with the TYJ Group and its associated companies (other than T&T) for purchases of certain raw materials, such as flour, salt and egg powder, required for their day-to-day operations from third party suppliers.

The said arrangement enables T&T to tap on the network of suppliers of the TYJ Group and its associated companies (other than T&T), so as to take advantage of the existing goodwill enjoyed by the TYJ Group and its associated companies, as well as any preferential rates, rebates or discounts accorded for bulk purchases by T&T and the TYJ Group and its associated companies (other than T&T).

(ii) *T&T as one of the Interested Persons*

In addition, the Group and its associated companies (other than T&T) may from time to time purchase other raw materials, semi-processed products or certain finished products from the TYJ Group and its associated companies.

(b) Purchase of dim sum and mooncakes from Interested Persons

(i) *T&T as an Interested Person*

Since April 2005, the Group and its associated companies (other than T&T) have been purchasing certain types of dim sum and mooncakes from T&T. T&T has its own production facilities and is in the business of manufacturing and selling various food products.

(ii) *T&T as an Entity at Risk*

In addition, the TYJ Group and its associated companies (other than T&T) may from time to time source for certain products from third party suppliers. In the event that the prices of dim sum procured by T&T through the TYJ Group and its associated companies (other than T&T) from third party suppliers are lower than T&T's own cost of production, T&T may procure such dim sum from the TYJ Group and its associated companies (other than T&T).

(c) Sale of dim sum and mooncakes to Interested Persons

*T&T as one of the Entities at Risk*

Since April 2005, T&T has been selling dim sum and mooncakes (for the purposes of export) to the TYJ Group and its associated companies (other than T&T). Such sales will enable T&T to tap on the contacts and distribution network of the TYJ Group and its associated companies (other than T&T), and allow T&T to enjoy economies of scale in its production as a result of the increase in production volume.

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## LETTER TO SHAREHOLDERS

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The Group and its associated companies (other than T&T) also tap on the local distribution network of the TYJ Group and its associated companies (other than T&T) by selling its Tung Lok brand of mooncakes to them.

(d) Receipt of services from Interested Persons

The receipt of the following services by T&T, being the Entity at Risk, from the TYJ Group and its associated companies (other than T&T):

- (i) Delivery of goods and documents and sub-contracting of labour such as financial bookkeeping; and
- (ii) laboratory test services for food products, and logistics services for food storage and delivery.

#### 4.5 Rationale for and benefits of the IPT Mandate

The Entities at Risk and the Interested Persons are in related businesses, and have been transacting with each other, in the ordinary course of business. The Entities at Risk and the Interested Persons intend to continue with such recurrent transactions (the “**Recurrent IPTs**”) in the future.

Accordingly, the IPT Mandate is to enable the Entities at Risk to enter into the Recurrent IPTs with the Interested Persons in the ordinary course of business, provided such transactions will be carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Directors believe that the IPT Mandate is in the interests of the Group for the following reasons:

- (a) It will be beneficial to the Group to allow the IPTs, provided that they are carried out on normal commercial terms, and are not prejudicial to the interests of the Company and/or its minority Shareholders. The IPTs will improve synergies between the Group and its associated companies and the TYJ Group and its associated companies by enhancing the ability of the Group and its associated companies to utilise the resources available to the TYJ Group and its associated companies and will allow the Group and its associated companies to enjoy economies of scale in the manufacturing of food products (where relevant) and the procurement of materials and services; and
- (b) The Recurrent IPTs will occur frequently at differing intervals. The IPT Mandate and any subsequent renewals of the same on an annual basis is intended to facilitate the IPTs in the day-to-day transactions of the Group and will eliminate the need to prepare and make announcements and/or convene separate general meetings on a continual basis to seek prior approval for the entry into these transactions, which will serve to improve operational efficiency in a cost-effective manner. Furthermore, the IPT Mandate will give the Entities at Risk and the Interested Persons the flexibility to conduct the Recurrent IPTs in the ordinary course of business, thereby reducing the time and expenses which would otherwise be incurred to convene general meetings on an *ad hoc* basis, and allow such resources and time to be channelled towards the management of the Group’s business.

#### 4.6 Guidelines and review procedures for the Recurrent IPTs under the IPT Mandate

The IPT Mandate incorporates the following guidelines and review procedures for the following IPTs:

(a) Purchase of raw materials, semi-processed products or certain finished products from Interested Persons

The purchase of raw materials, semi-processed products or certain finished products from the Interested Persons will be carried out on terms comparable or more favourable to the relevant Entity at Risk than those offered by unrelated third-party suppliers to the Entities at Risk.

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## LETTER TO SHAREHOLDERS

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In this regard, prior to any entry of a transaction with an Interested Person, quotes shall be contemporaneously obtained (wherever possible or available) from at least two (2) other unrelated third party suppliers for similar raw materials, semi-processed products or certain finished products, at similar quantities and will be used for comparison. In determining whether the price and terms offered by the Interested Persons are fair and reasonable, pertinent factors (other than price) including, but not limited to, delivery schedules, quality of products, credit terms, customer requirements and specifications, track record of counter-parties, overall services provided, costs and/or expenses (including, *inter alia*, storage, shipment and transportation) borne by each party, availability of preferential rates, rebates or discount and cost of freight will be taken into account.

In the event that two (2) quotations from unrelated third parties are not available, the relevant Approval Authority (as defined below) may at its discretion, determine the reasonableness of the quote offered by the Interested Person in accordance with the Group's usual business practices, pricing policies and/or industry norms (as the case may be), taking into account factors including, but not limited to, the nature of the product, order quantity, delivery schedules, quality of products, credit terms, customer requirements and specifications, track record of counter-parties, overall services provided, costs and/or expenses (including, *inter alia*, storage, shipment and transportation) borne by each party, availability of preferential rates, discounts or rebates and cost of freight. In respect of purchases made by T&T from the TYJ Group and its associated companies, the "**Approval Authority**" is any executive director of the Company who is independent of the IPTs. In respect of purchases made by the Group and its associated companies (other than T&T), the "**Approval Authority**" is the vice president of the Company's purchasing department.

(b) Purchase of dim sum and mooncakes from Interested Persons

The purchase of dim sum and mooncakes from the Interested Persons will be carried out on terms comparable or more favourable to the relevant Entity at Risk than those offered by unrelated third-party suppliers to the Group and its Associated Companies.

(i) *T&T as an Interested Person*

In respect of purchases of certain types of dim sum and mooncakes by the Group and its associated companies (other than T&T) from T&T, the purchase price of these dim sum and mooncakes ("**Purchase List Items**") are based on a cost plus basis (the "**Purchase Price Formula**"). The Purchase Price Formula is fixed by a committee (the "**T&T Committee**"), comprising representatives from the Company and TYJ. The representatives from the Company shall be referred to as the "**Tung Lok Representatives**". The Tung Lok Representatives shall comprise of persons who are independent of the Interested Persons and approved by the Audit and Risk Committee. Any subsequent adjustment to the Purchase Price Formula or the adoption of any new Purchase Price Formulas shall be approved by the Tung Lok Representatives in the T&T Committee prior to making any purchases from T&T. The Tung Lok Representatives shall inform the Audit and Risk Committee of any adjustments to the Purchase Price Formula or the adoption of any new Purchase Price Formula.

At least two (2) comparable quotations from unrelated third parties for items similar to those listed on the Purchase List Items, at similar quantities will be obtained at least half-yearly for comparison with the quotations from T&T based on the Purchase Price Formula. Prior to entering into a transaction with T&T for the Purchase List Items, the relevant Entity at Risk will take into account pertinent factors (other than price) including, but not limited to, delivery schedules, quality of products, credit terms, customer requirements and specifications, track record of counter-parties, overall services provided, costs and/or expenses (including, *inter alia*, storage, shipment and transportation) borne by each party, availability of preferential rates, rebates or discount and cost of freight.

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## LETTER TO SHAREHOLDERS

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In the event that two (2) quotations from unrelated third parties are not available, the Tung Lok Representatives will determine the reasonableness of the quote offered by the Interested Person in accordance with the Group's usual business practices and pricing policies or industry norms (as the case may be), taking into account factors including, but not limited to, the nature of the product, order quantity, delivery schedules, quality of products, credit terms, customer requirements and specifications, track record of counter-parties, overall services provided, costs and/or expenses (including, *inter alia*, storage, shipment and transportation) borne by each party, availability of preferential rates, discounts or rebates and cost of freight.

(ii) *T&T as an Entity at Risk*

In respect of purchases of dim sum by T&T from the TYJ Group and its associated companies (other than T&T), quotations obtained from the TYJ Group and its associated companies (other than T&T) are compared to T&T's cost of producing similar products. T&T shall purchase such dim sum from the TYJ Group and its Associated Companies (other than T&T) when the quotes provided by the TYJ Group and its associated companies (other than T&T) are lower than its own cost of production.

(c) Sale of dim sum and mooncakes to Interested Persons

T&T as one of the Entities at Risk

In respect of the sale of dim sum and mooncakes by the Group and its associated companies to the TYJ Group and its associated companies (other than T&T), the selling price of agreed items of dim sum and moon cakes ("**Sale List Items**") by the Group and its associated companies to the TYJ Group and its associated companies (other than T&T) are fixed at a cost plus basis and/or at a predetermined percentage discount to the relevant market selling price from time to time (the "**Sale Price Formula**"). The Sale Price Formula for sales to the TYJ Group and its associated companies (other than T&T) is fixed by the T&T Committee or an executive director of the Company who is independent of the Interested Persons (as the case may be). Any subsequent adjustment to the Sale Price Formula or the adoption of any new Sales Price Formulas shall be approved by the Tung Lok Representatives in the T&T Committee or an executive director of the Company who is independent of the Interested Persons (as the case may be) prior to making any sales to the TYJ Group and its associated companies (other than T&T). The Tung Lok Representatives or the executive director of the Company who is independent of the Interested Persons (as the case may be) shall inform the Audit and Risk Committee of any adjustments to the Sale Price Formula or the adoption of any new Sale Price Formula.

Prior to entering into a sales transaction with the TYJ Group and its associated companies (other than T&T) for the Sale List Items, the relevant Entity at Risk will take into account pertinent factors (other than price) including, but not limited to, the strategic reasons for the transaction, volume of the transaction, delivery schedules, quality of products, credit terms, customer requirements and specifications, track record of counter-parties, overall services provided, costs and/or expenses (including, *inter alia*, storage, shipment and transportation) borne by each party and whether the sales are designated for export or for local markets.

(d) Receipt of services from Interested Persons

The receipt of services by T&T, being the Entity at Risk, from the TYJ Group and its associated companies (other than T&T) will be carried out on terms which are comparable or more favourable to T&T than those offered by other unrelated third parties.

(i) The receipt of services such as the delivery of goods and documents and subcontracting of labour such as financial bookkeeping, provided by the TYJ Group and/or its Associated Companies (other than T&T) to T&T, are reimbursed on a cost recovery basis. Relevant unrelated third parties invoices or other supporting documents will be provided to support the amount charged.

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## LETTER TO SHAREHOLDERS

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The Audit and Risk Committee will review, on a half-yearly basis, whether the fees paid to the TYJ Group and its associated companies (other than T&T) is fair and reasonable and commensurate with the amount of services provided to T&T.

- (ii) In relation to the receipt of services such as laboratory test services for food products, and logistics services for food storage and delivery, two (2) comparable quotations shall be obtained contemporaneously from unrelated third parties in respect of the provision of similar services to T&T. Prior to entering into such a transaction with the TYJ Group and its Associated Companies, T&T will take into account all pertinent factors (other than price) including, but not limited to, the quality of service, track record of the counter-parties, timeliness, convenience, reliability, responsiveness and confidentiality (if applicable).

In the event that two (2) quotations from unrelated third parties are not available, an executive director of the Company who is independent of the Interested Persons may at his discretion, determine the reasonableness of the price offered by the TYJ Group and its Associated Companies (other than T&T), taking into account factors including, but not limited to, the other potential costs which may be incurred by T&T, historical prices offered by the TYJ Group and its Associated Companies (other than T&T), quality of service, track record of counter-parties, convenience, timeliness, reliability, responsiveness and confidentiality (if applicable).

### 4.7 Threshold Limits

In addition to the review procedures, the following approval procedures will be implemented to supplement existing internal control procedures for the IPTs to ensure that such transactions are undertaken on an arm's length basis and on normal commercial terms:

#### (a) Threshold for individual IPTs

- (i) Transactions between T&T (as an Entity at Risk) and the Interested Persons (excluding T&T):
  - (1) Where an individual IPT is in excess of S\$250,000, such transaction will require the prior approval of the Audit and Risk Committee; and
  - (2) Where an individual IPT is equal to or below S\$250,000, such transaction will be approved by any executive director of the Company who is independent of the Interested Persons.
- (ii) Transactions between the Group and its Associated Companies (other than T&T) with the Interested Persons (including T&T):
  - (1) Where an individual IPT is in excess of S\$150,000, such transaction will require the prior approval of the Audit and Risk Committee;
  - (2) Where an individual IPT is in excess of S\$50,000 but equal to or below S\$150,000, such transaction will be approved by the vice president of the Company's purchasing department, who is independent of the Interested Persons; and
  - (3) Where an individual IPT is equal to or below S\$50,000, such transaction will be approved by the departmental manager or outlet manager (as the case may be), who is independent of the Interested Persons.



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## LETTER TO SHAREHOLDERS

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(b) Threshold for aggregate value of IPTs

- (i) Where the aggregate value of the IPTs in the same financial year is less than 10% of the latest audited NTA of the Group, all IPTs will be reviewed on a monthly basis by the finance manager and the financial controller of the Company to ensure that they have been carried out on normal commercial terms and in accordance with the procedures set out in the IPT Mandate; and
- (ii) Where the aggregate value of the IPTs in the same financial year is equal to or in excess of 10% of the latest audited NTA of the Group, the Audit and Risk Committee will also have to review the Interested Person Transaction Register (defined in paragraph 4.8.1 below) to ensure that they have been carried out on normal commercial terms and in accordance with the procedures set out in the IPT Mandate. In addition, all IPTs will be reviewed on a monthly basis by the financial controller and the chief financial officer of the Company.

The threshold limits set out above are adopted by the Company taking into account, *inter alia*, the nature, volume, frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at as a result of a balancing exercise after considering the operational efficiency for the day-to-day business operations of the Group and the internal controls for the IPTs.

4.8 Additional procedures to be taken by the Company in respect of all IPTs

- 4.8.1 The finance department of the Entities at Risk will maintain a register of transactions carried out with the Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) (the "**Interested Person Transactions Register**"). Any discrepancies or significant variances (as determined by the Audit and Risk Committee), from the Group's usual business practices and pricing policies will be highlighted to the Audit and Risk Committee.
- 4.8.2 The financial controller of the Company will obtain signed letters of confirmation from key management personnel and the Directors on a periodic basis (of not more than half-year intervals) with respect to their interest in any transactions with the Group or its Associated Companies.
- 4.8.3 The financial controller of the Company will maintain a list of the Directors, Executive Chairman and Controlling Shareholders and their Associates (which is to be updated immediately if there are any changes) to enable identification of Interested Persons. The master list of Interested Persons which is maintained shall be reviewed by the chief financial officer of the Company at least half-yearly and subject to such verifications or declarations as required by the Audit and Risk Committee from time to time or for such periods as determined by them.
- 4.8.4 The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for monitoring of such IPTs, entered into during the current financial year pursuant to the IPT Mandate. The Group's internal auditor shall, on at least a half-yearly basis, subject to adjustment in frequency, and depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit and Risk Committee on all IPTs, and the basis of such transactions, entered into with the Interested Persons during the preceding period.
- 4.8.5 The Audit and Risk Committee shall periodically review the Interested Person Transactions Register, at least on a half-yearly basis, to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the IPT Mandate. In its review and/or approval of the IPTs under paragraph 4.7 (where relevant) and in this paragraph 4.8, the Audit and Risk Committee will generally only approve an IPT if the terms of the transaction are no less favourable to the Group and its Associated Companies than the terms offered by unrelated third parties or in accordance with usual business practices and pricing policies or industry norms (as the case may be). All relevant non-quantitative factors will also be taken into account. Such review includes the examination of

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## LETTER TO SHAREHOLDERS

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the transaction and its supporting documents or such other data deemed necessary by the Audit and Risk Committee. The Audit and Risk Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review.

- 4.8.6 The Audit and Risk Committee has the overall responsibility for determining the review procedures, with the authority to delegate to individuals within the Company as it deems appropriate. The Audit and Risk Committee will conduct periodic reviews (of not more than half-year intervals) of the review procedures for the IPTs. If, during these periodic reviews, the Audit and Risk Committee is of the view that these review procedures are no longer appropriate to ensure that the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and/or its minority Shareholders, the Company will seek a fresh mandate from the Shareholders based on new review procedures for IPTs.
- 4.8.7 The Audit and Risk Committee will review (i) the letters of confirmation from key management personnel, the Controlling Shareholders and the Directors of the Company and (ii) all IPTs, on a periodic basis (of not more than half-year intervals) and the outcome of such review shall be minuted.
- 4.8.8 For purposes of the above review and approval process, any Director who is not considered independent for purposes of the IPT Mandate and/or any IPTs will abstain from and will undertake to ensure that his Associates will abstain from voting in relation to any respective resolutions, and/or abstain from participating in the Audit and Risk Committee's decision during its review of the established review procedures for the IPTs or during its review or approval of any IPTs.
- 4.8.9 The Directors will ensure that all disclosure, approval and other requirements on the IPTs, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with.

### 4.9 Validity Period of the IPT Mandate

If approved at the forthcoming AGM, the renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the conclusion of the next AGM of the Company. Approval from the Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM of the Company. The renewal of the IPT Mandate shall be subject to satisfactory review by the Audit and Risk Committee of the continued requirements of the IPT Mandate and the procedures for the transactions.

### 4.10 Disclosure of the Interested Person Transactions pursuant to the IPT Mandate

The Company will:

- (a) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to Rule 705 of the Catalist Rules and within the time required for the announcement of such report while the IPT Mandate remains in force, in accordance with the requirements of Chapter 9 of the Catalist Rules; and
- (b) disclose the IPT Mandate in the Company's annual report, giving details of the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year, and in the annual reports for the subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

## LETTER TO SHAREHOLDERS

The disclosure will include the name of the Interested Persons and the corresponding aggregate value of the IPTs, presented to indicate (a) the aggregate value of all IPTs during the financial year under review; and (b) the aggregate value of all IPTs, conducted under the IPT Mandate.

### 5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for GSH and TYJ, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the IPT Mandate.

### 6. SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

6.1 The details and shareholdings of the Directors and the Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders and Register of Directors' Shareholdings as at the Latest Practicable Date) are as follows:

<b>Directors</b>	<b>Direct Interest</b>	<b>%</b>	<b>Deemed Interest</b>	<b>%</b>
Tjioe Ka Men	226,000	0.16	54,679,000***	39.06
Tjioe Ka In	54,000	0.04	53,200,000*	38.00
Ker Sin Tze	–	–	–	–
Tan Eng Liang	–	–	–	–
Ch'ng Jit Koon	–	–	–	–
Wee Kheng Jin	–	–	–	–
Goi Seng Hui	–	–	25,018,000**	17.87
<b>Substantial Shareholders</b>	<b>Direct Interest</b>	<b>%</b>	<b>Deemed Interest</b>	<b>%</b>
Zhou Holdings Pte Ltd	53,200,000	38.00	–	–
Zhou Yingnan	–	–	53,200,000*	38.00
Tjioe Ka Men	226,000	0.16	54,679,000***	39.06
Tjioe Ka In	54,000	0.04	53,200,000*	38.00
Goodview Properties Pte Ltd	26,968,000	19.26	–	–
Far East Organization Centre Pte Ltd	–	–	26,968,000#	19.26
Mdm Tan Kim Choo	–	–	27,206,000##	19.43
Estate of Ng Teng Fong, Deceased	–	–	27,206,000###	19.43
Tee Yih Jia Food Manufacturing Pte Ltd	25,018,000	17.87	–	–
Goi Seng Hui	–	–	25,018,000**	17.87
Antica Capital Pte. Ltd.	14,500,000	10.36	–	–
Andre Tanoto	–	–	14,500,000@	10.36

Notes:

\* Deemed to be interested in these shares held by Zhou Holdings Pte Ltd by virtue of Section 7 of the Act

\*\* Deemed to be interested in these shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of Section 7 of the Act

\*\*\* Deemed to be interested in the 53,200,000 shares held by Zhou Holdings Pte Ltd and 1,479,000 shares held by Ang Tjia Leng @ Widjaja Linda Anggraini (spouse) by virtue of Section 7 of the Act

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## LETTER TO SHAREHOLDERS

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- # Deemed to be interested in these shares held by Goodview Properties Pte Ltd by virtue of Section 7 of the Act
- ## Deemed to be interested in the 26,968,000 shares held by Goodview Properties Pte Ltd as her Associate, the Estate of Ng Teng Fong, Deceased by a controlling interest in Far East Organization Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd and 238,000 shares held by Kuang Ming Investments Pte. Ltd. by virtue of she having more than 20% interest in Kuang Ming Investments Pte. Ltd. by virtue of Section 7 of the Act
- ### Deemed to be interested in the 26,968,000 shares held by Goodview Properties Pte Ltd by virtue of its controlling interest in Far East Organization Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd and 238,000 shares held by Kuang Ming Investments Pte. Ltd. as its Associate, Mdm Tan Kim Choo has more than 20% interest in Kuang Ming Investments Pte. Ltd. by virtue of Section 7 of the Act
- @ Deemed to be interested in the shares held by Antica Capital Pte. Ltd. by virtue of Section 7 of the Act

6.2 Save as disclosed above, none of the Directors has any direct or deemed interest in the Shares.

### 7. STATEMENT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee confirms that the methods and procedures for determining the transaction prices for the Recurrent IPTs have not changed since the Shareholder's approval of the IPT Mandate in the 2011 EGM.

The Audit and Risk Committee has reviewed the terms of the IPT Mandate and is satisfied that the review procedures of the Recurrent IPTs set up by the Company for determining the transaction prices of the IPTs, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

### 8. UNAFFECTED DIRECTORS' RECOMMENDATIONS

Having considered, amongst others, the rationale for and benefits of the IPT Mandate to the Group and its Associated Companies set out in **paragraph 4.5**, the Unaffected Directors are of the view that the IPT Mandate is in the interests of the Company and, accordingly, recommend that the Shareholders vote in favour of the ordinary resolutions relating to the IPT Mandate.

### 9. ABSTENTION FROM VOTING

#### Abstinence from voting

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, the Interested Persons will abstain and have undertaken to ensure that their Associates will abstain from voting on the resolutions approving the IPT Mandate. Furthermore, such Interested Persons shall not act as proxies in relation to such resolution unless voting instructions have been given by a Shareholder.

As GSH is an Interested Person, he will abstain from and has undertaken to ensure that the GSH Associates will abstain from making any recommendations or vote on any matter in connection with the IPTs. Save as disclosed herein, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the IPTs.

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## LETTER TO SHAREHOLDERS

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### 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement of this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

### 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the office of the Company's Singapore Share Registrar and Share Transfer Office, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the Annual Report of the Company for FY2013.

Yours faithfully

For and on behalf of the Board of Directors of  
**TUNG LOK RESTAURANTS (2000) LTD**  
Mr Tjioe Ka Men  
Executive Chairman

## Tung Lok Restaurants (2000) Ltd

(Incorporated in the Republic of Singapore)

Registration No. 200005703N

## Proxy Form

(Please see notes overleaf before completing this Form)

### IMPORTANT

1. For investors who have used their CPF monies to buy the Company'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 timeframe specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the timeframe specified to enable them to vote on their behalf.

I/We, \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address) being a member/

members of Tung Lok Restaurants (2000) Ltd (the "Company"), hereby appoint

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us and on my/our behalf and, if necessary, to demand a poll, at the 13th Annual General Meeting of the Company to be held at Orchard Parade Hotel, 1 Tanglin Road, Level 2, Antica Ballroom, Singapore 247905 on Tuesday, 30 July 2013 at 11:00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions to be proposed at the Meeting as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting).

Resolution No.		For	Against
1	Receive of Reports and Accounts		
2	Approval of Directors' Fees		
3(a)	Re-election of Dr Ker Sin Tze as a Director		
3(b)	Re-election of Mr Goi Seng Hui as a Director		
4	Re-appointment of Dr Tan Eng Liang as a Director		
5	Re-appointment of Auditors		
6	Authority to Issue Shares (General)		
7	Renewal of the Shareholders' Mandate for Interested Person Transactions		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013

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

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

**IMPORTANT: Please read notes overleaf**

Notes:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Chapter 50), 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 instead of him. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Sophia Road #05-03, Peace Centre, Singapore 228149, not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
6. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Singapore Companies Act, Chapter 50.

GENERAL:-

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