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Chairman's Statement



Zhou Yingnan
Chairman

The year 2002 was one of the most challenging periods in the history of the Company. The economic situation in the year under review worsened, with consumer confidence dampened by reports of unemployment amidst the worst recession in Singapore in nearly 40 years. As a result of this situation, we were not able to capture the full potential of the expansion programme of our restaurants which had begun in 2001.

The Group recorded revenues of \$64.4 million in 2002, an increase of 9.9% from \$58.6 million a year earlier, with the increase due mainly to outlets which opened from late 2001, and the new outlets of 2002.

The Group's share of losses from its joint-ventures (including Club Asiana Pte Ltd in the first half of 2002) was \$2.1 million. This, combined with \$2.9 million of provisions for impairment of assets and goodwill (as stipulated in SAS 36, Impairment of Assets) of the loss-making outlets, led to a net loss after tax and minority interest of \$4.5 million, compared to a corresponding net loss of \$1.5 million in 2001.

Had it not been for the provisions for impairment and the share of losses from our joint-ventures, the Group would have posted a net profit after tax and minority interest of \$0.5 million compared with a net loss after tax and minority interest of \$0.7 million in 2001.

Our loss per share for 2002 was 4.37 cents compared to a loss of 1.56 cents in 2001. Our net asset value per share fell to 2.53 cents from 5.17 cents, respectively.

Despite the dampened consumer sentiment, there have been several bright spots in our performance.

- In May, we opened Imperium, a 50/50 joint-venture with a seating capacity of 650, which has proved to be a choice location for banquets.
- In August, we launched our Regal Club, a by-invitation-only club for the top 1,000 executives in Singapore. This recognition programme and the accompanying personalised service have been well received by patrons.
- My Humble House, a fine dining restaurant in The Esplanade – Theatres on the Bay – was opened in October and was an immediate success. This outlet now ranks alongside Club Chinois and Jade at The Fullerton among our high-end outlets.

During the financial year, the Company issued 20,000,000 new shares of \$0.025 each at a premium of \$0.087 per share for cash pursuant to the Placement Agreement with Chip Lian Investments Pte Ltd to subscribe for ordinary shares in the Company. The ordinary shares issued in connection with the Placement Agreement, ranked *pari passu* in all respects with the existing issued and fully paid-up shares. The net proceeds of \$2.17m were used for working capital.

EVENT SUBSEQUENT TO THE YEAR END

On January 25, 2003, the Company announced that it has secured new management contracts to operate restaurants it does not own in Singapore and Indonesia.

OUTLOOK AND PROSPECTS

Our strategy going forward is to improve service levels and customer loyalty in order to increase revenues, while at the same time continuing with ongoing efforts to improve operational efficiency. We will also continue to develop management contracts in Singapore and overseas as a form of expansion with minimal risk without incurring capital expenditure.

APPRECIATION

Throughout this challenging year, we have received invaluable support from shareholders, customers, business associates, management and staff. On behalf of the Board of Directors, I would like to extend my sincere appreciation to all of you. I look forward to your continuing support.



Zhou Yingnan
Chairman

May 2, 2003



Andrew Tjioe Ka Men
Managing Director

NEW OUTLETS

During the year under review, two new restaurants were opened.

Imperium, a restaurant-cum-entertainment outlet, opened in May in Ngee Ann City. The Imperium Fine Dining & Entertainment Pte Ltd is a 50/50 joint-venture. With a seating capacity of 650, it is by far the largest outlet to be opened by the Tung Lok Group. Imperium is fast gaining reputation as a leading banqueting outlet.

My Humble House, a fine-dining restaurant in The Esplanade – Theatres on the Bay, opened in October and was an immediate success. It received wide publicity for its décor and unique concept.

CLUB ASIANA

During the year, the Group entered into an agreement with Copilot Developments Ltd to purchase the remaining 405,000 ordinary shares for \$80,000. Following the purchase, Club Asiana Pte Ltd became a wholly owned subsidiary of the Group.

Club Asiana had ceased operations since February 2003 owing to operational difficulties. The Company in April 2003 disposed of all its ordinary shares in Club Asiana representing the entire issued share capital of Club Asiana.

FINE DINING OUTLETS

With the opening of My Humble House, the Group now has three fine dining outlets, the other two being Jade at The Fullerton and Club Chinois.

Despite the general slowdown, all three outlets have been well supported by regular patrons who seek quality food and service.

FAMILY RESTAURANTS

Among our family restaurants, the following events of note took place during the year under review:

Lao Beijing – the outlet in Orchard Towers was re-located to Plaza Singapura in June 2002.

Grand Pavilion – due to the redevelopment of the Chinese Swimming Club, this popular restaurant ceased operation in May 2002.

GROUP-WIDE DEVELOPMENTS

With 19 restaurants in total owned by the Group and three others under management contract as at the end of 2002, the Tung Lok Group has achieved a critical mass in which to tap economies of scale.



My Humble House



Imperium

CENTRAL KITCHEN

In July, we began operations in our central kitchen in Bukit Batok. With 14,000 square feet of space, this food manufacturing facility allows the Group to carry out some centralised food processing such as sauces and *dim sum*, and bulk purchasing of certain food items.

This central kitchen will help the Group develop more economies of scale in the months and years ahead. Going forward, the Group intends to use this central kitchen to increase the manufacture of seasonal products such as mooncakes, *nian gao*, and even the production of sauces and pre-mixes for sale.

SERVICE EXCELLENCE



Through our loyalty programmes – the Regal Club and the Taipan card – we have started to track spending habits of regular patrons. The Group has also been able to use the database to carry out direct marketing of events and promotions.

More than 50% of our managerial staff have been sent for training on service excellence at the Service Quality Centre in Sembawang. The Group appointed Mr Woody Achutan as Training Manager to oversee service excellence in all outlets.



Andrew Tjioe Ka Men
Managing Director

May 2, 2003

Historical Financial Summary

OPERATING RESULTS FOR THE GROUP ⁽¹⁾

\$'000	FY1998	FY1999	FY2000	FY2001	FY2002
Turnover	37,134	41,016	49,706	58,628	64,421
Profit/(Loss) before taxation	(2,091)	3,970	4,507	(600)	(1,761)
Share of Loss of Joint Ventures	-	-	-	(807)	(2,114)
Taxation	(9)	(740)	(1,227)	28	(410)
Profit/(Loss) after taxation but before minority interests	(2,100)	3,230	3,280	(1,379)	(4,285)
Profit attributable to the Group	(1,665)	2,939	3,104	(1,465)	(4,477)

FINANCIAL POSITION OF THE GROUP ⁽¹⁾

As at 31 December

\$'000	1998	1999	2000	2001	2002
Property, plant and equipment	2,211	1,497	3,620	9,529	10,727
Goodwill on consolidation	283	-	-	177	-
Investment in deconsolidation companies	100	100	-	-	-
Joint venture	-	-	-	(312)	(515)
Current assets	4,130	6,679	9,088	10,150	8,934
Total Assets	6,724	8,276	12,708	19,544	19,146
Current liabilities	10,027	8,748	8,555	11,023	12,504
Non-current liabilities	78	162	897	2,715	3,043
Shareholders' equity	(3,672)	(1,198)	2,968	5,343	3,034
Minority Interests	291	564	288	463	565
Total liabilities and equity	6,724	8,276	12,708	19,544	19,146
(Net liabilities)/ NTA per share ⁽²⁾ (cents)	(4.94)	(1.50)	4.68	5.17	2.53

NOTE

1 The financial summary for the three financial years ended 31 December 1998 to 2000 presented above are extracted from the prospectus of the Company dated 10 March 2001. This was prepared on the assumption that the Group Structure arising from the restructuring exercise to facilitate the listing of the Company's shares on SGX-SESDAQ has been in place throughout the period above.

2 For comparative purposes, (net liabilities)/NTA per Share for 1998 to 2000 have been computed based on the pre invitation share of 80,000,000 Shares. For 2001, it is based on the share capital of 100,000,000 shares. For 2002, it is based on the share capital of 120,000,000 shares.

Corporate Information

BOARD DIRECTORS

Zhou Yingnan

Non-Executive Chairman

Tjioe Ka Men

Managing Director

Tjioe Ka In

Executive Director

Ker Sin Tze (Dr)

Independent Director

Tan Eng Liang (Dr)

Independent Director

Ch'ng Jit Koon

Independent Director

AUDIT COMMITTEE

Tan Eng Liang (Dr)

Ker Sin Tze (Dr)

Ch'ng Jit Koon

COMPANY SECRETARY

Michael Tay Kwang How

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

138 Robinson Road #17-00

The Corporate Office

Singapore 068906

AUDITORS

Deloitte & Touche

6 Shenton Way #32-00

DBS Building Tower Two

Singapore 068809

Partner in charge:

Cheng Ai Phing (Ms)

Date of appointment: 28 September 2000

PRINCIPAL BANKERS

**Oversea-Chinese Banking
Corporation Ltd**

United Overseas Bank Ltd

Board of Directors



ANDREW TJIOE
Managing Director



ZHOU YINGNAN
Chairman



TJIOE KA IN



DR KER SIN TZE



DR TAN ENG LIANG



CH'NG JIT KOON

Management Team



ANDREW TJIOE
Managing Director



WILLIAM TAN
Chief Operating Officer



TJIOE KA IN
Executive Director and
Vice President (Operations)



LIM QUEE TECK
Chief Financial Officer



YONG PEI
Senior Vice President



JOCELYN TJIOE
Vice President, Administration



RENA LEONG
Vice President, Human
Resources & Corporate Affairs



VINCENT PHANG
Vice President,
Banquet and Catering Sales



SAM LEONG
Director of Kitchens



CAROLYN TAN
Marketing Communications
Manager



WOODY ACHUTHAN
Training Manager



DANIEL KOH
Director of Kitchens

Directors' Profile

ZHOU YINGNAN (aged 74) was appointed to the Board on 28 September 2000 and was last re-appointed on 29 May 2002. He is the non-executive Chairman of our Company and founder of our Group. Due to his wealth of knowledge in the restaurant business, he also serves as our Group's Consultant. He is highly respected in both business and academic circles. Mr Zhou holds honorary professorships at institutions such as Yangzhou University and Xiamen University, China and serves as Advisor to the International Confucian Association and the World Association of Chinese Cuisine. He is also the Chairman and founder of Oceanic Textiles Pte Ltd, which he founded in 1976, and serves as Chairman to the Wuhan New Minzhong Leyuan Co Ltd since 1993 and is concurrently a Director of the Shanghai Overseas Chinese Commercial Centre Co Ltd. Mr Zhou is also an accomplished calligrapher and noted aficionado of classical Chinese art, and is the Vice President and Executive Advisor of the China Social Welfare, Education, Science & Culture Centre - Institute of Chinese Paintings. He graduated from Xianyou Teachers' School (Fujian province, China) in 1948.

ANDREW TJIOE (aged 44) was appointed to the Board on 28 September 2000 and was last-elected on 28 May 2001. He is a Member of the Executive Committee, Nominating Committee and Remuneration Committee. He is the Managing Director of our Group. He oversees the daily operations and is also responsible for the overall direction of our Group. He started his career as a Corporate Planner in a listed company in 1981 for 2 years and subsequently moved to Oceanic Textiles Pte Ltd where he was appointed Deputy Managing Director from 1983 to 1986. He has been involved in our operations in 1982, becoming Managing Director in 1984. Throughout his appointment as the Managing Director, he had established a chain of reputable restaurants in Singapore. In 1997 and 2002, in recognition of his success, he was awarded the Singapore Restaurateur of the Year by Wine & Dine. He was the President for the Lions Club of Singapore Mandarin

from 1987 to 1988. In November 2000, he was presented the "2000 International Management Action Award" (IMAA) by Institute of Management and Spring Singapore jointly for Excellence in Management Action for his outstanding management of the Tung Lok Group. Mr Tjioe is a graduate in Business Administration from Oklahoma State University, USA.

TJIOE KA IN (aged 38) was appointed to the Board on 1 March 2001 and was last re-elected on 29 May 2002, and she is also a Member of the Executive Committee. Currently, she holds the appointment of an Executive Director and Vice President (Operations) of our Group. She had been part of our Group since 1987 where she worked as a Management Trainee at Charming Garden for her internship. After graduating from her studies in 1988, she joined Charming Garden as Manager. In 1989, she joined Tung Lok Restaurant as a General Manager. She worked there for 2 years before joining Noble House, and subsequently Taipan Restaurant and Ming Seafood Restaurant in Jakarta. In 1997, she was officially appointed the Vice President of our Group. She is also an active member of the Lions Club of Singapore Oriental, and served as President of the Club for the term year 2000/2001. Ms Tjioe holds a Bachelor of Science Degree in Hotel and Restaurant Management from Oklahoma State University, USA.

DR TAN ENG LIANG (aged 65) was appointed as an independent and non-executive Director of our Company on 1 March 2001 and was last re-elected on 28 May 2001. He is the Chairman of Audit Committee and Executive Committee and also a Member of the Nominating Committee and Remuneration Committee.

Dr Tan is presently the Chairman of The New Otani Singapore Pte Ltd. He 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 has been 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: Flextech Holdings Ltd, IRE Corporation Limited, Links Island Holdings Limited, Progen Holdings Ltd, Pokka Corporation (Singapore) Limited, and United Engineers Ltd.

DR KER SIN TZE (aged 58) was appointed as an Independent Director on 1 March 2001 and was last re-elected on 28 May 2001. He is the Chairman of the Nominating Committee, and also a Member of Audit Committee, Remuneration Committee and Executive Committee.

Dr Ker is currently the Trade Representative of the Singapore Trade office in Taipei. He holds a Bachelor of Commerce from the Nanyang University, M.A.(Economics) and Ph.D(Economics) 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 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 Metal Printing 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 as the Managing Director of Yenom Holdings Pte Ltd in September 1994. He was the Chairman of IRE Corporation Limited from 13 January 1999 to 1

November 2001 and Managing Director of Dragon Land Limited from 1 October 2001 to 30 June 2002.

CH'NG JIT KOON (aged 69) was appointed to the Board on 20 December 2002 as an independent and non-executive Director. He is the Chairman of the Remuneration Committee and also a Member of the Audit Committee, Nominating Committee and Executive Committee.

Ch'ng Jit Koon, a Justice of Peace, was a Member of Parliament from 1968 to 1996. He was appointed the Senior Parliamentary Secretary to the Prime Minister from 1982 to 1984, the Minister of State for Community Development from 1984 to 1991 and Senior Minister of State from 1991 until he retired in January 1997. Currently, he is a non-executive Chairman of Pan-United Corporation Ltd. Mr Ch'ng also holds directorships in Cortina Holdings Ltd; Circuit Plus Holdings Ltd; Eastern Asia Technology Ltd; Ho Bee Investment Ltd; New Wave Technologies Ltd; Progen Holdings Ltd; Santak Holdings Ltd, and in several private companies in Singapore. Mr Ch'ng is also serving in several community organisations such as Chairman, Board of Governors, The Chinese High School; Chairman, School Management Committee, Hwa Chong Junior College; Chairman, Fund Raising Committee of NTU 21st Century Fund; Chairman, Oral History Advisory Committee; Chairman, Traditional Chinese Medicine Practitioners Board and Member of Board of Trustees, Chinese Development Assistance Council. Mr Ch'ng holds a Bachelor of Arts (Economics & Political Science) from the Nanyang University.

Key Executives' Profile

WILLIAM TAN (aged 43)

Chief Operating Officer

William started his career in 1980 in the publishing business, marketing travel industry and special interest magazines from bases in Hong Kong and Singapore. In the mid-80s, William joined the hotel business, and spent sixteen years working with top hotel chains like Mandarin, Sheraton and ANA Hotel as Director of Sales & Marketing. The runner-up in the prestigious Young Hotel Executive Award 1992, William's last position with ANA Hotel Singapore was Executive Assistant Manager. He was Managing Director of the Singapore Tatler Group of Publications prior to joining the Group in Year 2000. William is also a member of the Chartered Institute of Marketing (UK).

LIM QUEE TECK (aged 54)

Chief Financial Officer

Prior to joining the Group in 2001, Lim Quee Teck was responsible for the finance and accounting functions of Natsteel Electronics Ltd and its subsidiaries. Armed with many years of financial and business experience in both local and international companies, his portfolio includes heading the Finance & MIS department at Olivetti Singapore before moving to Singapore Technologies. Lim Quee Teck is a Certified Public Accountant.

YONG PEI (aged 34)

Senior Vice President

A graduate from the Lausanne Hotel School in Switzerland, Yong Pei joined the Group early this year from the Four Seasons Hotel Singapore where he was Director of Food & Beverage. His experiences include that at The City Club of Tokyo, which is the number one international private club for Ambassadors, the Royal Family and elite

businessmen in Tokyo; The Ritz Carlton Hotel Group based in Osaka; and Hyatt Hotels. He has also worked in hotels and restaurants in France, Switzerland and England. A Chinese national, Yong Pei is very conversant in English, Mandarin, French and Japanese.

JOCELYN TJIOE (aged 45)

Vice President, Administration

A diploma graduate in Business Studies from Ngee Ann Technical College, Jocelyn is armed with several years of experience in purchasing and administration, having worked previously at You Hong Lee Pte Ltd (a subsidiary of Oceanic Textiles). In her current capacity, Jocelyn is overall responsible for the purchasing and administration functions of the Group, ensuring constant and prompt supply of materials and equipment necessary for the operations of the restaurants.

VINCENT PHANG (aged 37)

Vice President, Banquet and Catering Sales

Prior to joining the Group in 1998, Vincent was Banquet Manager for Le Meridien Hotel. In his current capacity, he is overall responsible for the entire banquet and catering operations of all restaurants within the Group. Vincent is also the holder of certificates for supervisory housekeeping, front office procedures, hotel sales and promotions and convention management services, all awarded by the American Hotel & Motel Association.

RENA LEONG (aged 35)

Vice President, Human Resources & Corporate Affairs

Rena joined the Group in 1996 as Administrative Manager. She was appointed as Senior Manager for Corporate Affairs in 1999. As Vice President of Human Resources

and Corporate Affairs, a position she has held since 2000, she is responsible for all corporate affairs, namely the administrative and human resource functions of the Group. Rena holds a Bachelor of Science in Business Administration from the Southeast Asia Union College, Singapore/Walla Walla College, College Place, USA and a Masters of Business Administration from Andrews University, USA.

CAROLYN TAN (aged 33)

Marketing Communications Manager

Carolyn joined the Group in 2002. Armed with several years of experience in the marketing communications field, mainly from the hotel industry, her past employments included top hotel chains such as Westin, Hyatt, Holiday Inn, Raffles and Millennium & Copthorne International. In her current capacity, she is in charge of a team of Assistant Managers and Graphics Designer, and spearheads the marketing, promotional and public relations activities of the restaurants. She is also responsible for strategising plans to maintain the corporate and brand identity of the Group. Carolyn holds a Bachelor of Arts in Mass Communications from The Royal Melbourne Institute of Technology.

WOODY ACHUTHAN (aged 42)

Training Manager

Prior to joining the Group in 2001, Woody 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 customer 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.

In his current role, Woody is responsible for the Group's training in areas such as customer relationship management, service excellence and complaint handling.

SAM LEONG (aged 37)

Director of Kitchens

As Director of Kitchens, Sam is the maestro behind the unique cuisine of Jade, My Humble House and Paddyfields Thai Restaurant. In May 2002, Sam had the honour of serving up some of Jade's best to former US President Bill Clinton and Singapore's Prime Minister Goh Chok Tong. He has won numerous accolades, including the prestigious World Gourmet Summit Award of Excellence for Best Asian Ethnic Chef in 2001 & 2002. He also participated at the Wolfgang – Lazaroff American Wine & Food Festival as a guest chef. 2001 marked Sam's fourth year cooking at the "Meals on Wheels" charity event in Los Angeles. In early 2002, Sam represented Singapore as Celebrity Chef, in Switzerland for the 9th St. Moritz Gourmet Festival.

DANIEL KOH (aged 53)

Director of Kitchens

A trendsetter in the culinary scene, Daniel is the maestro behind Imperium Chinese Dining and Club Chinois. His 30 years of experience in the food and beverage industry has spanned several international hotels and many continents. Most notably, he was the tour de force behind the openings of the Hyatt on Collins in Melbourne, Hyatt Regency Macau and Hyatt Regency Adelaide, as well as the award-winning restaurant 'Chinois at Toorak' in Melbourne. Prior to joining the Group in 2002, Daniel was Executive Chef at Intermezzo.

Corporate Governance Report

The Company endorses the Code of Corporate Governance (“the Code”) issued by the Singapore Exchange Securities Trading Limited.

This Report describes the Company’s corporate governance processes and activities with specific reference to the Code.

BOARD OF DIRECTORS

Principle 1 : Board’s Conduct of its Affairs

The Board conducts at least three meetings a year and as warranted by circumstances. The Company’s Articles of Association allow a board meeting to be conducted by way of a telephone conference or by means of a similar communication equipment whereby all persons participating in the meeting are able to hear each other. The attendance of the directors at meetings of the Board and Board committees during the financial year ended 31 December 2002 is as follows :

Name	Board		Audit Committee		Executive Committee		Remuneration Committee		Nominating Committee	
	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Held
Zhou Yingnan	3	-	-	-	-	-	-	-	-	-
Tjioe Ka Men	3	3	3	3	5	5	2	2	-	-
Tjioe Ka In	3	1	-	-	5	3	-	-	-	-
Tan Eng Liang	3	3	3	3	5	5	2	2	-	-
Ker Sin Tze	3	3	3	3	5	3	2	2	-	-
Ch’ng Jit Khoon*	3	1	3	1	5	-	2	-	-	-

* Mr Ch’ng was appointed an Independent Director on 20/12/2002.

The Board is responsible for :

- (1) reviewing and adopting a strategic plan for the Company;
- (2) overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- (3) establishing a framework for proper internal controls and risk management;

Matters which are specifically reserved to the full Board for decision are those involving material acquisitions and disposals of assets, corporate or financial restructuring and share issuances. Specific Board approval is required for any investments or expenditure exceeding \$200,000/- in total. Additionally, the Board delegates certain of its functions to the Executive, Audit, Nominating and Remuneration Committees.

The Executive Committee (“EXCO”) was formed to assist the Board in the management of the Group. The EXCO comprises the following members :-

Dr Tan Eng Liang (Chairman & Independent Director)
Dr Ker Sin Tze (Independent Director)
Mr Ch’ng Jit Koon (Independent Director)
Mr Tjioe Ka Men (Managing Director)
Ms Tjioe Ka In (Executive Director)

The EXCO evaluates and recommends to the Board policies on matters covering financial control and risk management of the Group, monitors the effectiveness of the policies set down by the Board and make recommendations or changes to the policies with the Group's financial objectives in mind. In addition, the EXCO recommends to the Board investments, acquisitions or disposals and monitors the funding needs of the Group. It also reviews the financial performance of the Group and initiates actions as are appropriate for the management of the Group.

On appointment, the Managing Director will brief new Directors on the Group's business and policies. 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

The Board comprises six directors, of whom two are executive directors, one non-executive and non-independent director, and three non-executive and independent directors.

The Chairman of the Board is Mr Zhou Yingnan who is non-executive and non-independent. The other three non-executive and independent directors are Dr Tan Eng Liang, Dr Ker Sin Tze and Mr Ch'ng Jit Koon.

The executive directors are Mr Tjioe Ka Men (Managing Director) and Ms Tjioe Ka In.

The composition of the Board and independence of each director is reviewed annually by the Nominating Committee.

The Board is of the view that the current board size of six directors is appropriate, taking into account the nature and scope of the Group's operations and the Board as a whole, possesses core competencies required for the effective conduct of the Group's affairs. Profiles of the Directors are found on page 10 of this Annual Report.

Principle 3 : Role of Chairman and Managing Director ("MD")

The Company has a separate Chairman and MD. The Chairman is the father of our directors, Mr Tjioe Ka Men and Ms Tjioe Ka In. The MD is the most senior executive in the Company who bears executive responsibility for the management of the Group. Both the Chairman and MD are responsible for the workings of the Board and the conformity by management to Corporate Governance policies as laid down by the Board.

BOARD COMMITTEES

Nominating Committee

Principle 4 : Board Membership

Principle 5 : Board Performance

The Nominating Committee ("NC") was reconstituted in December 2002 to comprise four directors of whom three are independent directors and one is executive director. The NC has adopted specific written terms of reference. The members of the NC are as follows: :-

Dr Ker Sin Tze (Chairman)
Dr Tan Eng Liang
Mr Ch'ng Jit Koon
Mr Tjioe Ka Men

Corporate Governance Report

The Nominating Committee's role is to establish a formal and transparent process for

- 1) the appointment or re-appointment of members of the Board.
- 2) evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board.
- 3) determining the independence of directors in accordance with Guidance Note 2.1 of the Code.

A written resolution was passed by the NC in December 2002 to review and recommend to the Board the appointment of Mr Ch'ng Jit Koon. The NC held its first meeting in January 2003 to evaluate the composition of the Board and the independence of the directors. The NC has recommended that Mr Zhou Yingnan, Mr Ch'ng Jit Koon and Dr Ker Sin Tze, the Directors retiring at this Annual General Meeting to be re-elected.

New directors are appointed by way of a board resolution, after the Nominating Committee has approved their nomination. Such new directors submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. Article 91 of the Company's Articles of Association requires one third of the Board (except the Managing Director) to retire by rotation at every AGM. The Articles of Association will be amended in due course to require one third of all Directors to retire by rotation at every AGM.

Although the independent directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as directors. These directors would widen the experience of the Board and give it a broader perspective.

The NC is in the process of deciding how the Board performance may be evaluated and the performance criteria to be adopted. It will put in place a Board performance evaluation process which will be in line with the provisions of Principle 5 and the relevant guidance notes of the Code in the financial year ending 31 December 2003.

Audit Committee

Principle 11 : Audit Committee

Principle 12 : Internal Controls

Principle 13 : Internal Audit

In March 2003, the Audit Committee ("AC") was re-constituted to comprise three non-executive directors who are independent directors as follows :-

Dr Tan Eng Liang (Chairman)
Dr Ker Sin Tze
Mr Ch'ng Jit Koon

The Committee has adopted specific terms of reference.

The AC meets at least three times a year to perform the following functions :-

- 1) reviews the audit plans of our Group's external auditors;
- 2) reviews with the external auditors the scope and results of the audit;

- 3) reviews the co-operation given by our Group's officers to the external auditors;
- 4) reviews the financial statements of our Group before submission to the Board of Directors;
- 5) nominates external auditors for re-appointment and reviews their independence;
- 6) reviews interested person transactions;
- 7) reviews internal audit findings and adequacy of the internal audit function.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities.

The external auditors have full access to the AC and the AC has full access to the management. The AC has express power to commission investigations into any matters, which has or is likely to have material impact on the Group's operating results or financial results.

For FY2002, the AC met once with the external auditors without the presence of the management. The AC reviewed the findings of the auditors and the assistance given to them by management.

The AC has undertaken a review of all non-audit services provided by the external auditors for FY2002 and is satisfied that such services would not in the AC's opinion, affect the independence of the external auditors.

The external auditors carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls. Material non-compliance and internal control weaknesses noted during their audit are reported to the AC together with their recommendations. The internal auditors follow up on the external auditors' recommendations in a joint effort to strengthen the Group's internal control systems.

The AC has reviewed and, based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

An internal audit function had been set up. The internal auditor reports to the Chairman of the AC and also to the Chief Financial Officer for administrative purpose. The internal audit plan is approved by the AC. The results of the audit findings are submitted to the AC for its review in its meeting. The scope of the internal audit covers the audits of all operations.

The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company in view of the current scale of operations.

Remuneration Matters

- Principle 7 : Procedures for Developing Remuneration Policies
- Principle 8 : Level and Mix of Remuneration
- Principle 9 : Disclosure on Remuneration

The Remuneration Committee ("RC") was reconstituted in December 2002 to comprise four directors, of whom three are

Corporate Governance Report

non-executive and independent directors and one executive director. The RC has adopted specific terms of reference. The RC has access to independent professional advice, if necessary.

The members of the RC are as follows :-

Mr Ch'ng Jit Koon (Chairman)
Dr Tan Eng Liang
Dr Ker Sin Tze
Mr Tjioe Ka Men

The RC's main duties are :-

- (a) to review and recommend to the Board in consultation with management and the Chairman of the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive directors of the Group key executives, including those employees related to the executive directors and controlling shareholders of the Group.
- (b) to recommend to the Board, in consultation with management and the Chairman of the Board, the Executives' 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.
- (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.

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

- (a) all aspects of remuneration, including director's fees, salaries, allowances, bonuses, options and benefits-in-kinds should be covered.
- (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' performances.
- (c) the remuneration package or 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.

No director is involved in deciding his own remuneration.

The non-executive and independent directors do not have any service contracts. They are paid a basic fee and additional fees for serving on any of the Committees. The Board recommends payment of such fees to be approved by shareholders as a lump sum payment at the Annual General Meeting of the Company. Executive directors do not receive directors' fees. The Chairman, Mr Zhou Yingnan is paid a fee pursuant to a contract for serving as the Group's consultant. A breakdown, showing the level and mix of each individual director's remuneration paid and payable for FY2002 is as follows:

Directors' Remuneration

	Remuneration Band	Salary & Fees	Performance Based Bonuses	Other Benefits	Total Remuneration
	S\$	%	%	%	%
Executive Directors					
Tjioe Ka Men	< 250,000	100	-	-	100
Tjioe Ka In	< 250,000	100	-	-	100
Non-Executive Directors					
Zhou Yingnan	< 250,000	100	-	-	100
Tan Eng Liang	< 250,000	100	-	-	100
Ker Sin Tze	< 250,000	100	-	-	100
Ch'ng Jit Koon *	< 250,000	-	-	-	-

* Appointed as Director on 20/12/2002.

The service contracts of the executive directors, key executives and employees related to our Directors have been reviewed by the RC. According to the respective contracts :-

- the remuneration include a fixed salary, a bonus and a variable performance bonus which is linked to the Group and individual performance.
- there are no onerous compensation commitments on the part of the Company in the event of a termination of the service of the executive director.
- except for the CEO's appointment which is fixed for 5 years (renewable thereafter), there is no fixed appointment period for the other executive director and employees.

The Company does not have any employee share option schemes or other long-term incentive scheme for directors at the moment.

The overall wage policies for the employees are linked to performance of the Group as well as individual and determined by the Board and its Remuneration Committee. 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.

Disclosure of the top five executives' remuneration (executives who are not directors of the Company) in bands of S\$250,000 for FY2002 is as follows :-

Name of Executive	Remuneration Band	Salary	Performance Based Bonuses	Other Benefits	Total
	S\$	%	%		
William Tan Eng Sing	< 250,000	100	-	-	100
Lim Quee Teck	< 250,000	100	-	-	100
Jocelyn Tjioe Ka Lie	< 250,000	100	-	-	100
Rena Leong	< 250,000	100	-	-	100
Vincent Phang	< 250,000	100	-	-	100

Two employees of the Group are immediate family members of the Chairman and the remuneration of each of these employees did not exceed \$150,000/- for the year ended 31 December 2002.

Corporate Governance Report

Principle 6 : Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with half-yearly management accounts and the EXCO Committee with quarterly management accounts and all relevant information. In addition, all relevant information on material events and transactions are circulated to directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and Audit Committee Meetings to answer queries and provide detailed insights into their areas of operations. A quarterly report of the Group's activities is also provided to the EXCO Committee.

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

The Board members have separate and independent access to the company secretary. The company secretary attends all board meetings and audit committee meetings. The company secretary assists the Board to ensure that Board procedures and rules and regulations are complied with.

COMMUNICATION WITH SHAREHOLDERS

Principle 10 : Accountability

Principle 14 : Communication with Shareholders

Principle 15 : Greater Shareholder Participation

The Company recognises the need to communicate with shareholders on all material matters affecting the Group and does not practise selective disclosure. Price sensitive announcements, including interim and full-year results, are released through MASNET and subsequently posted on the Company's website. All press releases are announced through MASNET before they are published. The Company will also be providing quarterly financial reports to shareholders from FY2004. The Company may also hold media meeting on significant event. All shareholders of the Company receive the Annual Report and notice of AGM which can be accessed from the Company's website. At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Group and its businesses. Separate resolutions on each distinct issue are proposed at general meetings for approval. The external auditors and legal advisors (if necessary) are present to assist the Directors in addressing any queries by shareholders.

The Articles of Association of the Company allow a member of the Company to appoint one or two proxies to attend and vote instead of the member.

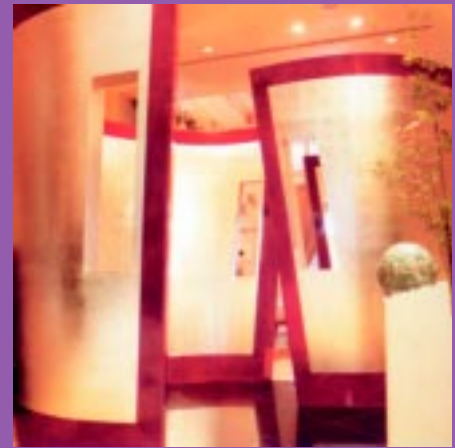
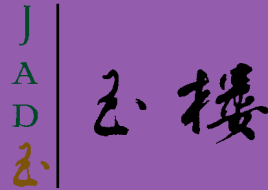
DEALINGS IN SECURITIES

The Company has adopted the Best Practices Guide introduced by the Singapore Exchange with regard to securities transactions by its employees. The employees have been informed not to deal in the Company's securities whilst in possession of price sensitive information and during the period commencing one month before the announcement of the Company's results and ending on the date of the announcement.

Our Awards

Winner at the Wine & Dine Singapore's Top Restaurants 2002 awards

Jade for Most Innovative Menu (Asian) and for Best Wine List (Asian).



Jade

Tung Lok Shines at World Gourmet Summit Awards of Excellence 2002!



Club Chinois

Director of Kitchens Sam Leong was awarded "Asian Ethnic Chef of the Year" for the second year running. Instrumental in the development of Jade and other Tung Lok restaurants, Leong has wowed guests with creations like Mocha Pork Ribs, and Minced Lamb Shank with Garlic Foam.

Club Chinois was awarded "Asian Ethnic Restaurant of the Year". At this stylish Shanghai-inspired Modern Chinese restaurant you are pampered with the finest in food, service and atmosphere.



Sam Leong



Our Award Winning Managers with our Master Chefs

Gourmet Hunt Awards

Tung Lok's group of restaurants were the biggest winners in the Singapore Gourmet Hunt Awards 2002, organised by MediaCorp Radio Stations. This event was held on 30 November 2002 at Imperium Chinese Dining.

Our Restaurants

Restaurant : **Charming Garden** - *Authentic Hunan cuisine & Dim Sum*
Year Established : 1980
Location : 214 Dunearn Road, Copthorne Orchid Singapore • Tel: 6251 8149



CHARMING
GARDEN



Founded in 1980, Charming Garden is the first authentic Hunan restaurant in Singapore. Serving Hunan and Sichuan delicacies, it continues to attract a large and loyal following for more than 20 years now since its establishment. The restaurant has consistently been voted one of Singapore Tatler's Best Restaurants since 1985.

Restaurant : **Tung Lok Restaurant** - *Our flagship! Authentic Cantonese fare & Dim Sum*
Year Established : 1984
Location : 177, River Valley Road, #04-07/09, Liang Court Complex • Tel: 6336 6022



同樂酒家

TUNG LOK RESTAURANT



The flagship restaurant in the Group, Tung Lok Restaurant is undisputedly one of Singapore's leading Chinese restaurants. Set amidst a unique ambience enhanced by the original pieces of Chinese art adorning the walls, it is renowned for its Hong Kong-style Dim Sum and outstanding preparation of traditional Cantonese delicacies. The restaurant has been inducted into the Asian Fine Dining Hall of Fame by America's leading B-to-B magazine, Nation's Restaurant News, USA.



Restaurant : **The Paramount**
 - Great Cantonese fare, Great for functions!
 Year Established : 1990
 Location : 30 East Coast #01-01/02/02A/03, Paramount Hotel
 & Shopping Centre • Tel: 6440 3233



Traditional Cantonese cuisine is served in this restaurant equipped with KTV facilities. Located in Katong and decorated in the style of a typical Peranakan home, The Paramount is an ideal venue for wedding banquets, special family occasions and most of all, for tucking into the best Yu Sheng during Chinese New Year! It is especially popular with families during weekends.



Restaurant : **LingZhi Vegetarian Restaurant** - Healthy, fresh and light!
 Year Established : 1991
 Location: : 541 Orchard Road #05-01/02, Liat Towers • Tel: 6734 3788
 7-10 Amoy Street #01-01, Far East Square • Tel: 6538 2992



Lingzhi Vegetarian Restaurant provides a welcomed choice for diners seeking quality and savoury alternative to mainstream cuisine. Unlike typical vegetarian fare, which is generally made of large amounts of gluten and flour, the cuisine that this restaurant serves manages to lure even the staunchest meat-lover with its excellent mushroom and vegetable varieties! This is definitely one of the best vegetarian restaurants in the city.



Our Restaurants

Restaurant : **Noble House** - *Dim Sum & Cantonese fare.*
Great for functions!
Year Established : 1991
Location : 5 Shenton Way #06-13 UIC Building
Tel: 6227 0933



The masterchefs from Hong Kong and their superb culinary skills continue to be the winning recipe for Noble House. Discerning families, businessmen and corporate groups congregate at this very popular dining spot in Shenton Way for celebration of sorts. The restaurant has won many long-standing awards for its first-class cuisine, including its sumptuous spread of Dim Sum and Cantonese menu.



Restaurant : **Kippo Pavilion** - *Sushi, Sashimi, Japanese & Chinese*
Year Established : 1994
Location : Keppel Club, Bukit Chermin • Tel: 6273 3398



Kippo Pavilion is one of the rare Chinese restaurants that serves Sino-Japanese cuisine. Diners can enjoy authentic Chinese dishes alongside Japanese fare like sushi and sashimi. Housed in the exclusive serenity of Keppel Club, the restaurant grants diners a fulfilling

experience of fine food and relaxing ambience.



Restaurant : **Lao Beijing Dining Hall** - *Authentic Northern Chinese Cuisine, noodles.*
 Year Established : 1996
 Location : 68 Orchard Road #03-01 Plaza Singapura • Tel: 6738 7207
 238 Thomson Road #02-11/12 Novena Square • Tel: 6358 4466



Executive Chef Wang Gui Jing, who hails from Tianjin, lends an authentic flavour to the tantalising menu of Northern Chinese style noodles and juicy dumplings. The beautifully decorated restaurants, themed after a traditional Chinese courtyard and an old Chinese teahouse, charm diners with their combination of tasty fare and friendly staff.



Restaurant : **Club Chinois** - *For award-winning modern Chinese Cuisine.*
 Year Established : 1997
 Location: : 1, Tanglin Road, #02-18, Orchard Parade Hotel • Tel: 6834 0660



A proud host of the World Gourmet Summit in 2002 for the fifth year running, Club Chinois continues to revolutionise Chinese dining in Singapore. The restaurant blends fine cuisine with excellent service, and stocks a wine cellar with a variety unparalleled by most Chinese restaurants in Singapore. It was named "Asian

Ethnic Restaurant of the Year" in the esteemed World Gourmet Summit Awards of Excellence.



Our Restaurants

Restaurant : **Tung Lok Seafood Gallery**
- The Freshest Ideas in Seafood!

Year Established : 2000

Location : Blk B 1000 East Coast Parkway, Level 2
 East Coast Recreation Centre • Tel: 6246 0555



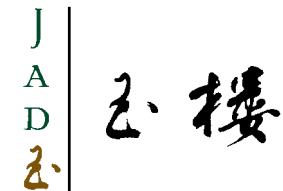
Into its third year of operations, Tung Lok Seafood Gallery continues to charm the palates of seafood lovers in the East with its fresh ocean catch and innovative culinary creations. The seafood bar is a welcome treat for diners who enjoy seafood in its freshest form.



Restaurant : **Jade** - *For that all-time important appointment and occasion. Modern Chinese cuisine.*

Year Established : 2000

Location : 1 Fullerton Square #01-02 The Fullerton Hotel
 Tel: 6877 8188



Located within the luxurious Fullerton Hotel, the elegant and award-winning Jade boasts an exquisite interior and a setting for a perfect dining experience. With superior quality cuisine, Jade has established itself as the preferred venue for high-powered business lunches and exquisite evenings of Modern Chinese cuisine.



Restaurant : **House of Mao Hunan Hotpot** - *Possibly the best Hot Pot ever!*
 Year Established : 2001
 Location : 442, Orchard Road, #01-09/10, Orchard Hotel Shopping Arcade • Tel: 6733 7667
 11-13 Amoy Street, #01-01, Far East Square • Tel: 6538 9292



毛家餐厅
湖南火锅

HUNAN
Hot Pot



Heavily decorated with Mao-inspired paraphernalia, the attractive theme of the Great Helmsman is interestingly carried throughout the restaurant, right down to the military-styled uniforms of the service staff! House of Mao Hunan Hot Pot offers trendy buffet-style steamboat, with top quality meats, seafood and vegetables. Its famous piquant sauces remain one of the best selection in town.



Restaurant : **PADDYFIELDS THAI RESTAURANT AND SANLIUBAR**
 - *Royal Thai Cuisine and Chill-out Bar*
 Year Established : 2001
 Location : 368 Alexandra Road, The Copperdome Anchorpoint
 Tel: 6472 3833



Uniquely housed on the second level of a heritage building known as "The Copperdome", outside Anchorpoint Shopping Centre along Alexandra Road, Paddyfields is the only restaurant in the Group that serves non-Chinese cuisine. Here, a royal Thai menu is successfully transformed into fine, modern fare without losing its traditional flavours. Sanliubar sits on the first floor, providing both a cosy chill-out spot, as well



as an enchanting alfresco area. It is an excellent choice for after-hours cocktails and drinks, where savoury Thai tapas are also available.

Our Restaurants

Restaurant : **Tung Lok Seafood Arena**
- *For that all-time important appointment and occasion*

Year Established : 2001

Location : The Arena Country Club, 511 Upper Jurong Road
(Opposite SAFTI) • Tel: 6262 6996



同乐海鲜
TUNG LOK SEAFOOD
ARENA



Located within the beautiful Arena Country Club in Upper Jurong Road, Tung Lok Seafood Arena offers the same delectable fare as its sister-restaurant, Tung Lok Seafood Gallery, in the East. The fresh and succulent seafood dishes are as satisfying to the adults' palate, as the live fish tanks are a treat for the children's eyes.



Restaurant : **Teahouse at China Square**
- *For old-fashioned Chinatown Fare and Dim Sum*

Year of Established : 2001

Location : China Square Food Centre, 51 Telok Ayer Street
Level 3 • Tel: 6533 0660



Occupying the entire third level of the China Square Food Centre, Teahouse immediately puts diners at ease with its relaxed setting that is thoughtfully designed to resemble that of Shanghai teahouses in the good old days. Dim Sum trolleys and old Chinatown delicacies bring back nostalgic memories, making the restaurant a consistent favourite with the weekday office crowd and for weekend family gatherings.



Our New Restaurants

Restaurant : **IMPERIUM CHINESE DINING**
- A one-stop dining, banquet and entertainment venue
Year Established : 2002
Location : 391 Orchard Road, Level 7, Podium Block
Ngee Ann City • Tel: 6733 9833



Imperium



大雅之堂

IMPERIUM

chinese dining

Imperium Chinese Dining was officially opened on 12 July 2002 and is the Group's largest restaurant to date. Located on the 7th floor of Ngee Ann City, it is a joint venture with Nova Leisure Group. This marriage of Tung Lok's expertise and experience in bringing world-class food and service to diners, with Nova Leisure's unique entertainment concepts, provide diners a lavish and scintillating experience.

With the ability to accommodate up to 650 guests for banquets and 1,000 guests for standing cocktails, Imperium Chinese Dining is fast becoming a popular venue for weddings, corporate events, regal galas, theme parties, dinner & dance, as well as product launches. Helmed by Director of Kitchens Daniel Koh, the menu comprises traditional Chinese delicacies with a style of presentation that reflects the progressive nature of the culinary world.

Our New Restaurants

Restaurant : **MY HUMBLE HOUSE** - *A unique Modern Chinese dining experience in an exceptional ambience.*

Year Established : 2002

Location : 8 Raffles Avenue #02-27, The Esplanade Theatres on the Bay • Tel: 6423 1881



A collaboration between renowned chef Zhang Jin Jie's Green T. House in Beijing and the Tung Lok Group, My Humble House opened in the landmark Esplanade, Theatres on the Bay, on 10 October 2002.

My Humble House is a milestone in Tung Lok's unique dining concepts. The traditional Chinese and artistic modern elements in the restaurant's design blend perfectly, creating an extremely fresh appeal, while maintaining a cosy and relaxed atmosphere where diners can revel in an extraordinary dining experience. Traditional and progressive Chinese cuisine is served here and the menu combines the private recipes of Tung Lok's Director of Kitchens Sam Leong with chef Zhang's exceptional style of artistic presentation.

In the short period of time since it opened, My Humble House has received overwhelming positive reviews from the media, both local and international.



MY HUMBLE HOUSE

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PROXY FORM

Directors' Report

The directors present their report together with the audited financial statements of the company and of the group for the financial year ended December 31, 2002.

1 DIRECTORS

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

Zhou Yingnan
Tjioe Ka Men
Tjioe Ka In
Ker Sin Tze (Dr)
Tan Eng Liang (Dr)
Ch'ng Jit Koon (Appointed December 20, 2002)

2 AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following members, all of whom are independent directors:

Tan Eng Liang (Dr)
Ker Sin Tze (Dr)
Ch'ng Jit Koon

The Audit Committee meets periodically with the management and external auditors to discuss the scope and result of the external audit, financial and operating results, internal controls, accounting policies and other significant matters.

The Audit Committee met three times since the last Annual General Meeting.

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

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche for re-appointment as external auditors of the group at the forthcoming Annual General Meeting.

3 PRINCIPAL ACTIVITIES

The principal activities of the company are that of investment holding while those of subsidiaries relate to the operations of restaurants.

There have been no significant changes in the nature of these activities during the financial year.

4 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

i) During the financial year, the company acquired additional shares in the following subsidiary:

Name of company	Consideration	Share of net liabilities acquired	Group's equity	
			Before acquisition	After acquisition
	\$	\$	%	%
Club Asiana Pte Ltd	80,000	745,865	55	100

Club Asiana Pte Ltd became a wholly owned subsidiary of the Group after the acquisition of additional shares.

ii) Other than the above, there were no acquisitions or disposals of subsidiaries during the financial year.

5 RESULTS FOR THE FINANCIAL YEAR

	Group	Company
	\$	\$
Loss after income tax	(4,284,504)	(3,714,633)
Minority interests	(192,152)	-
Net loss attributable to shareholders	(4,476,656)	(3,714,633)
Accumulated losses at beginning of year	(84,316)	(371,969)
Accumulated losses at end of year	(4,560,972)	(4,086,602)

6 MATERIAL TRANSFERS TO/FROM RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

7 ISSUE OF SHARES AND DEBENTURES

During the financial year, the company issued 20,000,000 new shares of \$0.025 each at a premium of \$0.087 per share for cash pursuant to the Placement Agreement with Chip Lian Investments Pte Ltd to subscribe for ordinary shares in the company. The ordinary shares issued in connection with the Placement Agreement, ranked pari passu in all respects with the existing issued and fully paid-up shares. The proceeds were used for working capital.

None of the subsidiaries issued any shares during the financial year.

No debentures were issued by the company or subsidiaries during the financial year.

8 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF 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.

Directors' Report

9 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at end of the financial year had no interests in the share capital 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:

	Shareholding registered in the name of the director		Shareholding in which the director is deemed to have an interest	
	At January 1, 2002	At December 31, 2002	At January 1, 2002	At December 31, 2002
The company				
			Ordinary shares of \$0.025 each	
Zhou Yingnan	-	-	53,200,000	53,200,000
Tjioe Ka Men	90,000	25,000	53,200,000	53,200,000
Tjioe Ka In	30,000	30,000	53,200,000	53,200,000
			Ordinary shares of \$1 each	
Subsidiaries				
- Tung Lok Millennium Pte Ltd				
Zhou Yingnan	-	-	1,368,222	1,368,222
Tjioe Ka Men	-	-	1,368,222	1,368,222
Tjioe Ka In	-	-	1,368,222	1,368,222
- Club Asiana Pte Ltd				
Zhou Yingnan	-	-	495,000	900,000 *
Tjioe Ka Men	-	-	495,000	900,000 *
Tjioe Ka In	-	-	495,000	900,000 *
- Tung Lok Arena Pte Ltd				
Zhou Yingnan	-	-	210,000	210,000
Tjioe Ka Men	-	-	210,000	210,000
Tjioe Ka In	-	-	210,000	210,000
- Lao Beijing Dining Hall Pte Ltd				
Zhou Yingnan	-	-	150,000	150,000
Tjioe Ka Men	-	-	150,000	150,000
Tjioe Ka In	-	-	150,000	150,000

	Shareholding registered in the name of the director		Shareholding in which the director is deemed to have an interest	
	At January 1, 2002	At December 31, 2002	At January 1, 2002	At December 31, 2002
Ordinary shares of \$1 each				
- Club Chinois Pte Ltd				
Zhou Yingnan	-	-	600,000	600,000
Tjioe Ka Men	-	-	600,000	600,000
Tjioe Ka In	-	-	600,000	600,000

* The company became a wholly-owned subsidiary of the group on July 9, 2002.

There were no changes in the above mentioned interests between the end of the financial year and January 21, 2003.

10 DIVIDENDS

No dividend has been paid, declared or recommended by the company since the end of the previous financial year.

11 DIRECTORS' ACTIONS RELATING TO BAD AND DOUBTFUL DEBTS

Before the profit and loss statement and the balance sheet were made out, the directors of the company took reasonable steps to ascertain that proper action had been taken in relation to the writing off and providing for bad and doubtful debts of the company and have satisfied themselves that all known bad debts, if any, of the company have been written off and where necessary adequate provision has been made for doubtful debts.

At the date of this report, the directors of the company are not aware of any circumstances which would render any amounts written off or provided for bad and doubtful debts of the group of companies inadequate to any substantial extent.

12 DIRECTORS' ACTIONS RELATING TO CURRENT ASSETS

Before the profit and loss statement and the balance sheet were made out, the directors of the company took reasonable steps to ascertain that any current assets of the company which were unlikely to realise their book values, in the ordinary course of business, have been written down to their estimated realisable values or were adequately provided for.

At the date of this report, the directors of the company are not aware of any circumstances which would render the value attributable to current assets in the consolidated financial statements misleading.

Directors' Report

13 CHARGES ON ASSETS AND EXISTENCE OF CONTINGENT LIABILITIES AFTER YEAR END DATE

At the date of this report:

- a) there does not exist any charge on the assets of the company or any corporation in the group which has arisen since the end of the financial year which secures the liability of any other person except for those disclosed in the notes to the financial statements; and
- b) there does not exist any contingent liability of the company or any corporation in the group which has arisen since the end of the financial year.

14 ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the company or any corporation in the group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors of the company, will or may substantially affect the ability of the company and of the group to meet its obligations as and when they fall due.

The company and the group are dependent on one of its major shareholders for continuous financial support. The directors are satisfied that this major shareholder will make available to the company and the group the necessary financial resources to enable the company and the group to meet their obligations as and when they fall due.

15 OTHER CIRCUMSTANCES AFFECTING FINANCIAL STATEMENTS

At the date of this report, the directors of the company are not aware of any circumstances not otherwise dealt with in the report or consolidated financial statements which would render any amount stated in the financial statements of the company and the consolidated financial statements misleading.

16 UNUSUAL ITEMS

In the opinion of the directors of the company, the results of the operations of the company and of the group have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial year.

17 UNUSUAL ITEMS AFTER YEAR END DATE

In the opinion of the directors of the company, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of the report which would affect substantially the results of the operations of the company and of the group for the financial year in which this report is made.

18 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 as disclosed in the financial statements. Certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

19 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.

20 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.

21 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.

22 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Zhou Yingnan

Tjioe Ka Men

Singapore
March 14, 2003

Auditors' Report to the members of Tung Lok Restaurants (2000) Ltd

We have audited the financial statements of Tung Lok Restaurants (2000) Ltd and the consolidated financial statements of the group for the financial year ended December 31, 2002 set out on pages 39 to 61. These financial statements are the responsibility of the company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements of the company and consolidated financial statements of the group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - i) the state of affairs of the company and of the group as at December 31, 2002, and of the results and changes in equity of the company and of the group, and cash flows of the group for the financial year then ended; and
 - ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the company and the consolidated financial statements of the group;
- b) the accounting and other records and the registers required by the Act to be kept by the company and the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We are the auditors of all the subsidiaries and are satisfied that the financial statements of these subsidiaries which are consolidated with the financial statements of the company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

Our reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 207(3) of the Act.

Deloitte & Touche
Certified Public Accountants

Cheng Ai Phing
Partner

Singapore

March 14, 2003

Balance Sheets

December 31, 2002

	Note	Group		Company	
		2002	2001	2002	2001
		\$	\$	\$	\$
ASSETS					
Current assets:					
Cash and bank balances		3,832,121	4,570,816	168,601	114,243
Trade receivables	5	1,677,064	1,816,322	-	-
Other receivables, deposits and prepayments	6	2,144,067	2,906,359	2,780,444	2,821,577
Inventories	7	1,280,538	856,529	-	-
Total current assets		8,933,790	10,150,026	2,949,045	2,935,820
Non-current assets:					
Subsidiaries	8	-	-	1,796,714	1,796,714
Joint venture	9	(514,786)	(312,403)	1,000,000	495,000
Goodwill	10	-	177,183	-	-
Property, plant and equipment	11	10,726,735	9,529,052	-	-
Total non-current assets		10,211,949	9,393,832	2,796,714	2,291,714
Total assets		19,145,739	19,543,858	5,745,759	5,227,534
LIABILITIES AND EQUITY					
Current liabilities:					
Bank overdraft		398,464	-	-	-
Trade payables	12	4,014,690	3,714,375	-	-
Other payables	13	5,959,330	6,156,826	2,229,956	165,858
Current portion of finance leases	14	604,154	298,025	-	-
Term loans - current	15	1,256,021	734,476	-	-
Income tax payable		270,936	119,731	7,064	7,064
Total current liabilities		12,503,595	11,023,433	2,237,020	172,922
Non-current liabilities:					
Finance leases	14	265,584	258,681	-	-
Long-term loans	15	2,292,364	2,341,203	-	-
Deferred income tax	16	484,723	114,723	-	-
Total non-current liabilities		3,042,671	2,714,607	-	-
Minority interests		565,104	463,553	-	-
Capital and reserves:					
Issued capital	17	3,000,000	2,500,000	3,000,000	2,500,000
Share premium	18	4,595,341	2,926,581	4,595,341	2,926,581
Accumulated losses		(4,560,972)	(84,316)	(4,086,602)	(371,969)
Net equity		3,034,369	5,342,265	3,508,739	5,054,612
Total liabilities and equity		19,145,739	19,543,858	5,745,759	5,227,534

See accompanying notes to financial statements.

Profit and Loss Statements

Financial year ended December 31, 2002

	Note	Group		Company	
		2002	2001	2002	2001
		\$	\$	\$	\$
Revenue	19	64,421,919	58,628,197	1,180,000	-
Cost of sales		(18,845,410)	(17,952,969)	-	-
Gross profit		45,576,509	40,675,228	1,180,000	-
Other operating income	20	184,465	101,902	29,043	28,833
Staff costs	21	(18,132,121)	(18,719,216)	-	-
Administrative expenses		(3,376,114)	(3,527,755)	-	-
Other operating expenses		(25,765,342)	(19,037,622)	(4,762,844)	(378,724)
Loss from operations		(1,512,603)	(507,463)	(3,553,801)	(349,891)
Finance cost	22	(247,507)	(92,025)	(26,732)	(14)
Loss before income tax and share of loss in joint ventures	23	(1,760,110)	(599,488)	(3,580,533)	(349,905)
Share of loss in joint ventures	9	(2,113,996)	(807,403)	-	-
		(3,874,106)	(1,406,891)	(3,580,533)	(349,905)
Income tax expense	24	(410,398)	27,899	(134,100)	(7,064)
Loss after income tax		(4,284,504)	(1,378,992)	(3,714,633)	(356,969)
Minority interests		(192,152)	(85,999)	-	-
Loss for the year		(4,476,656)	(1,464,991)	(3,714,633)	(356,969)
Loss per share (cents)	25	(4.37)	(1.56)		

See accompanying notes to financial statements.

Statements of Changes in Equity

Financial year ended December 31, 2002

	Issued capital	Share premium	Unallotted and unissued capital	Accumulated profits (losses)	Total
	\$	\$	\$	\$	\$
Group					
Balance at December 31, 2000	2	-	1,586,714	1,380,675	2,967,391
Issue of shares pursuant to the:					
- Restructuring Exercise	1,586,714	-	(1,586,714)	-	-
- Rights issue	413,284	-	-	-	413,284
- Public offering	500,000	4,100,000	-	-	4,600,000
Share issue expenses	-	(1,173,419)	-	-	(1,173,419)
Net loss for the year	-	-	-	(1,464,991)	(1,464,991)
Balance at December 31, 2001	2,500,000	2,926,581	-	(84,316)	5,342,265
Issue of shares pursuant to the Placement Agreement	500,000	1,740,000	-	-	2,240,000
Share issue expenses	-	(71,240)	-	-	(71,240)
Net loss for the year	-	-	-	(4,476,656)	(4,476,656)
Balance at December 31, 2002	3,000,000	4,595,341	-	(4,560,972)	3,034,369
Company					
Balance at December 31, 2000	2	-	1,586,714	(15,000)	1,571,716
Issue of shares pursuant to the:					
- Restructuring Exercise	1,586,714	-	(1,586,714)	-	-
- Rights issue	413,284	-	-	-	413,284
- Public offering	500,000	4,100,000	-	-	4,600,000
Share issue expenses	-	(1,173,419)	-	-	(1,173,419)
Net loss for the year	-	-	-	(356,969)	(356,969)
Balance at December 31, 2001	2,500,000	2,926,581	-	(371,969)	5,054,612
Issue of shares pursuant to the Placement Agreement	500,000	1,740,000	-	-	2,240,000
Share issue expenses	-	(71,240)	-	-	(71,240)
Net loss for the year	-	-	-	(3,714,633)	(3,714,633)
Balance at December 31, 2002	3,000,000	4,595,341	-	(4,086,602)	3,508,739

Consolidated Cash Flow Statement

Year ended December 31, 2002

	Note	2002	2001
		\$	\$
Cash flows from operating activities:			
Loss before income tax and share of loss in joint ventures		(1,760,110)	(599,488)
Adjustments for:			
Depreciation expense		2,434,947	1,379,137
Amortisation of goodwill		208,517	35,436
Allowance for impairment losses:			
Property, plant and equipment		2,085,861	-
Goodwill		794,531	-
Interest income		(30,644)	(34,504)
Interest expense		247,507	92,025
Loss on disposal of plant and equipment		45,261	55,128
Operating profit before working capital changes		4,025,870	927,734
Trade receivables		204,647	(290,373)
Other receivables, deposits and prepayments		1,080,567	(1,215,883)
Inventories		(323,373)	132,796
Trade payables		(631,892)	(263,039)
Other payables		(2,159,246)	2,318,547
Cash generated from operations		2,196,573	1,609,782
Interest paid		(247,507)	(92,025)
Interest received		30,644	34,504
Income tax paid		(19,193)	(352,456)
Net cash from operating activities		1,960,517	1,199,805
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		37,960	-
Purchase of property, plant and equipment		(3,596,709)	(7,021,826)
Acquisition of subsidiary		(155,904)	-
Goodwill purchased		-	(212,619)
(Payment to) Contribution by a minority shareholder of a subsidiary		(90,601)	90,000
Investment in joint venture		(1,000,000)	(495,000)
Net cash used in investing activities		(4,805,254)	(7,639,445)
Cash flows from financing activities:			
Proceeds from issuing shares		2,240,000	5,013,284
Share issue expenses		(71,240)	(1,173,419)
Proceeds from bank loans		160,176	2,595,100
Repayments of obligations under finance leases		(621,358)	(306,244)
Net cash from financing activities		1,707,578	6,128,721
Net decrease in cash and cash equivalents		(1,137,159)	(310,919)
Cash and cash equivalents at beginning of year		4,570,816	4,881,735
Cash and cash equivalents at end of year	26	3,433,657	4,570,816

During the financial year, the group acquired property, plant and equipment with an aggregated cost of \$4,146,125 (2001 : \$7,343,741) of which \$549,416 (2001 : \$321,915) was acquired by means of finance leases and the balance of \$3,596,709 (2001 : \$7,021,826) by cash.

Summary of the effect of the acquisition of a subsidiary:

	2002	2001
	\$	\$
Net assets acquired:		
Property, plant and equipment	1,655,587	-
Trade receivables	65,389	-
Other receivables, deposits and prepayments	188,275	-
Inventories	100,636	-
Cash	8,000	-
Trade payables	(932,207)	-
Other payables	(1,961,750)	-
Bank overdraft	(83,904)	-
Bank loan	(312,530)	-
Finance leases	(384,974)	-
Net liabilities	(1,657,478)	-
Original interest	911,613	-
Liabilities assumed	(745,865)	-
Goodwill on consolidation	825,865	-
Total purchase consideration	80,000	-
Net overdraft on acquisition	75,904	-
Total	155,904	-

Notes to Financial Statements

December 31, 2002

1 GENERAL

The company is incorporated in the Republic of Singapore with its principal place of business at 298 Tiong Bahru Road, #14-02/04 Central Plaza, Singapore 168730 and registered office at 1 Sophia Road #05-03, Peace Centre, Singapore 228149. The financial statements are expressed in Singapore dollars.

The principal activities of the company are that of investment holding while those of the subsidiaries relate to the operations of restaurants.

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. The company and the group incurred a net loss of \$3,714,633 and \$4,476,656 respectively for the year ended December 31, 2002, and as of that date the group's current liabilities exceeded its current assets by \$3,569,805 at December 31, 2002.

The company and the group are dependent on one of its major shareholders, Zhou Holdings Pte Ltd, for continuous financial support, the availability of future cash flows from the group's restaurant operations and/or successful completion of other means to raise cash from financing activities.

The directors are taking steps to improve the group's working capital position. During the year, 20,000,000 new ordinary shares of \$0.025 each at an offer price of \$0.112 each were issued to Chip Lian Investments Pte Ltd raising net proceeds of \$2.17 million. The group has ceased further capital expenditure on new outlets to reduce its cash outflows, improve its cash inflow from its operating activities and/or raise further cash from financing activities.

The directors are satisfied that with the group's revenue generated mainly from cash and credit card sales and the unqualified financial support by Zhou Holdings Pte Ltd on top of the measures taken by the group to conserve cash, the group will be able to meet its obligations as and when they fall due.

In the directors' opinion, it is appropriate for the financial statements of the group to be prepared on a going concern basis.

The financial statements of the company and the consolidated financial statements of the group for the financial year ended December 31, 2002 were authorised for issue by the Board of Directors on March 14, 2003.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) **BASIS OF ACCOUNTING** - The financial statements of the company and the consolidated financial statements of the group are prepared in accordance with the historical cost convention and are properly drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Statements of Accounting Standard ("SAS").

The company and the group have adopted all the applicable new/revised SAS which became effective during the year. The adoption of the new/revised SAS does not affect the results of the company or the group for the current or prior periods.

- b) **BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the company and its subsidiaries made up to December 31.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and

loss statement from the effective date of acquisition or up to the effective date of disposal. All significant intercompany transactions and balances are eliminated on consolidation.

- c) **FINANCIAL ASSETS** - The group's principal financial assets are cash and bank balances, trade and other receivables. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

- d) **FINANCIAL LIABILITIES AND EQUITY** - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. The group's principal financial liabilities include trade and other payables, obligations under finance leases and bank loans. Trade and other payables are stated at their nominal value. Obligations under finance leases and bank loans are recorded at the proceeds received, net of transaction costs. Finance costs are accounted for on an accrual basis (effective yield method) and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Equity instruments are recorded at the fair value of consideration received, net of direct issue costs.

- e) **SUBSIDIARIES** - Investments in subsidiaries are carried in the company's accounts at cost less any impairment in the recoverable value that has been recognised in the profit and loss statement.

- f) **JOINT VENTURE** - A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity which is subject to joint control.

The joint venture is accounted for by the group using the equity method of accounting. At balance sheet date, the group's investment in the joint venture company is stated at cost plus the group's share of undistributed post-acquisition reserves. In the company's financial statement, investment in joint venture company is stated at cost less any impairment in the recoverable value that has been recognised in the profit and loss statement.

- g) **GOODWILL** - Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on consolidation is amortised over its estimated useful life of 3 years.

- h) **PROPERTY, PLANT AND EQUIPMENT** - Property, plant and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

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:

Kitchen equipment	-	20%
Furniture, fixtures and equipment	-	20% to 33.3%
Motor vehicles	-	20% to 25%
Leasehold properties	-	2%

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Notes to Financial Statements

i) **INVENTORIES** - Inventories comprising mainly food stuff are stated at the lower of cost (first-in, first-out method) and net realisable value. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

j) **IMPAIRMENT OF ASSETS** - At each balance sheet date, 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. 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. Impairment losses are recognised as an expense immediately.

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, to the extent 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 as income immediately.

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

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

l) **REVENUE RECOGNITION** - Sales of food and beverages are recognised when food and beverages are delivered.

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

Dividend income from investments is recognised when dividend is declared by the investee company.

m) **PROVISIONS** - Provision is recognised when the group and company have a present obligation as a result of a past event where it is probable that such obligation will result in an outflow of economic benefits that can be reasonably estimated.

n) **RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes), are charged as expense when incurred.

o) **MINORITY INTERESTS** - Minority interests are stated at the appropriate proportion of the post acquisition fair values of the net identifiable assets of the subsidiaries.

- p) **FOREIGN CURRENCY TRANSACTIONS** - Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss statement.
- q) **INCOME TAX** - Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit except that the potential tax saving relating to a tax loss is not recognised as an asset unless there is a reasonable expectation of its realisation in the foreseeable future.

Deferred tax is charged or credited to the profit and loss statement.

3 FINANCIAL RISKS MANAGEMENT

The main financial risks faced by the group and the company are credit risk, interest rate risk, currency risk, liquidity and funding risk and commodity risk. The group and the company recognise that management of financial risks is an important aspect of its drive towards creating shareholders' value. Risk management adds value by addressing the needs for greater predictability of future cash flows, to protect the group from financial shocks and for long term resilience in the business.

a) Credit risk

The group's credit risk is primarily attributable to its cash and bank balances, trade receivables and other receivables. 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.

The group has no material concentration of credit risk. Trade receivables are spread over a broad base of customers.

The amount captured in the balance sheet represents the group's maximum exposure to credit risks.

b) Interest rate risk

The group's exposure to interest rate risks relate to its \$0.4 million bank overdraft and \$3.6 million long term loans. The interest rates are determined at the bank's 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.

Notes to Financial Statements

The table summarises the group's assets liabilities, interest rates sensitive financial instruments, categorised by the maturity dates.

	Within 1 year	Within 2 to 5 years	Beyond 5 years	Non- interest bearing	Average interest rate during the year	Total
	\$	\$	\$	\$	%	\$
2002						
<u>Financial assets</u>						
Cash and bank balances	213,875	-	-	3,618,246	0.72	3,832,121
Advances to joint venture	-	-	-	504,467	-	504,467
<u>Financial liabilities</u>						
Bank overdraft	398,464	-	-	-	6.25	398,464
Obligations under finance leases	604,154	265,584	-	-	3.875	869,738
Term loans	1,256,021	817,879	1,474,485	-	5.75	3,548,385
2001						
<u>Financial assets</u>						
Cash and bank balances	524,639	-	-	4,046,177	0.75	4,570,816
Advances to joint venture	721,334	-	-	-	5.00	721,334
<u>Financial liabilities</u>						
Obligations under finance leases	298,025	258,681	-	-	4.00	556,706
Term loans	734,476	801,407	1,539,796	-	5.48	3,075,679

c) Currency risk

The group's business is substantially transacted in Singapore dollars. Accordingly, foreign exchange rate fluctuation has no significant impact on the group.

d) Liquidity and funding risk

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

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

At December 31, 2002, the group's total bank overdraft, finance lease obligations and long-term loans amounted to \$4.8 million (2001 : \$3.6 million). The profile of the finance lease obligations and long-term loans are shown in Notes 14 and 15 to the financial statements.

e) 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, the management addresses the risk by adjusting the menu pricing or change the product delivery strategy.

f) Net fair value

The carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

4 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operating decision. Related parties are entities with common direct or indirect shareholders and or directors.

Some of the group's and the company'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 without fixed repayment terms unless stated otherwise.

Significant related party transactions other than those disclosed elsewhere in the notes to the profit and loss statement:

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Sales of food and beverages	(252,357)	(84,977)	-	-
Management fee income	(348,000)	(224,000)	-	-
Purchases of food and beverages	14,948	6,976	-	-
Interest income	(28,953)	(11,910)	-	-

Notes to Financial Statements

5 TRADE RECEIVABLES

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Related parties (Note 4)	715,734	636,429	-	-
Less: Allowance for doubtful debts	(15,900)	(15,900)	-	-
Net	699,834	620,529	-	-
Outside parties	977,230	1,195,793	-	-
Total	1,677,064	1,816,322	-	-

Movements in the above allowance account during the financial year are as follows:

Balance at beginning and end of year	15,900	15,900	-	-
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A controlling shareholder has undertaken to reimburse the group for an amount of \$437,831 (2001: \$456,762) if this is not recoverable from the related parties.

6 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Refundable security deposits	1,471,821	1,505,281	-	25,045
Advances to subsidiaries (Note 8)	-	-	4,894,976	2,062,744
Advances to joint venture (Note 9)	504,467	721,334	504,467	721,334
Prepayments	185,613	611,113	9,000	11,767
Tax recoverable	130,000	-	130,000	-
Other receivables	43,825	92,440	2,439	687
	2,335,726	2,930,168	5,540,882	2,821,577
Less: Allowances for doubtful debts	(191,659)	(23,809)	(2,760,438)	-
Net	2,144,067	2,906,359	2,780,444	2,821,577

Movements in the above allowance account during the financial year are as follows:

Balance at beginning of year	23,809	23,809	-	-
Charge to profit and loss	167,850	-	2,760,438	-
Balance at end of year	191,659	23,809	2,760,438	-

The allowance for doubtful debts at company's level pertains to advances to subsidiaries.

The balance due from joint venture company in 2001 was unsecured and it bore interest at 5.0% per annum.

7 INVENTORIES

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Food, beverages and others, at cost	1,280,538	856,529	-	-

8 SUBSIDIARIES

	Company	
	2002	2001
	\$	\$
Unquoted equity shares, at cost	2,371,714	1,796,714
Impairment loss	(575,000)	-
Net	1,796,714	1,796,714
Movement in impairment loss:		
Charge during the year and balance at end of year	575,000	-

Impairment loss is provided on the investment from which the estimated return is lower than its carrying amount.

The subsidiaries are:

Name of subsidiary	Place of incorporation/ operation	Principal activities	Cost		Effective equity interest held by the Group	
			2002	2001	2002	2001
			\$	\$	%	%
Tung Lok Millennium Pte Ltd	Singapore	Restauranteur	1,368,222	1,368,222	100	100
Club Asiana Pte Ltd*	Singapore	Restauranteur	575,000	-	100	-
Tung Lok Arena Pte Ltd	Singapore	Restauranteur	210,000	210,000	70	70
Lao Beijing Dining Hall Pte Ltd	Singapore	Restauranteur	191,100	191,100	60	60
Club Chinois Pte Ltd	Singapore	Restauranteur	27,392	27,392	75	75
Total			2,371,714	1,796,714		

* Club Asiana Pte Ltd was a joint venture company of the group in 2001. It became a wholly owned subsidiary of the group during the financial year when the company acquired the remaining shares from the other joint venture party.

The subsidiaries are audited by Deloitte & Touche, Singapore.

Notes to Financial Statements

9 JOINT VENTURE

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Unquoted equity shares, at cost	1,000,000	495,000	1,000,000	495,000
Share of loss	(1,514,786)	(807,403)	-	-
Net	(514,786)	(312,403)	1,000,000	495,000

Name of company	Place of incorporation/ operation	Principal activities	Cost		Percentage of equity held by the group	
			2002	2001	2002	2001
			\$	\$	%	%
Club Asiana Pte Ltd	Singapore	Restaurateur	-	495,000	-	55
Imperium Fine Dining Restaurant and Entertainment Pte Ltd	Singapore	Restaurateur	1,000,000	-	50	-
Total			1,000,000	495,000		

Club Asiana Pte Ltd became a wholly owned subsidiary of the group during the financial year when the company acquired the remaining shares from the other joint venture party.

Although the group had an effective equity interest of more than 50% in Club Asiana Pte Ltd in 2001, the investment in the joint venture company was structured in such a manner that the group and the joint venture partner had joint control over the operations of the entity.

Under the joint venture agreement, the joint venture parties agree to provide their proportional share of the funding requirement to the joint venture company.

The joint venture company is audited by Deloitte & Touche, Singapore.

The group's proportionate share of the assets, liabilities and operating results of the joint venture company are as follows:

	2002	2001
	\$	\$
<u>Assets and Liabilities</u>		
Total assets	1,617,218	1,310,717
Less: Total liabilities	(2,132,004)	(1,623,120)
Net investment	(514,786)	(312,403)
<u>Net results</u>		
Sales	2,708,600	635,681
Cost of operations	(4,822,596)	(1,443,084)
Loss before tax	(2,113,996)	(807,403)

10 GOODWILL

	Group	
	2002	2001
	\$	\$
Costs:		
At beginning of year	212,619	-
Arising on acquisition of subsidiary	825,865	212,619
At end of year	1,038,484	212,619
Accumulated amortisation:		
At beginning of year	35,436	-
Amortisation during the year	208,517	35,436
Impairment loss	794,531	-
At end of year	1,038,484	35,436
Net book value:		
At end of year	-	177,183
At beginning of year	177,183	-

Impairment loss was provided as the recoverable amount of the goodwill is estimated to be less than its carrying value.

11 PROPERTY, PLANT AND EQUIPMENT

	Kitchen Equipment	Furniture, fixtures and equipment	Motor vehicles	Leasehold properties	Total
	\$	\$	\$	\$	\$
Group					
Cost:					
At beginning of year	3,596,405	10,154,292	588,397	3,132,684	17,471,778
Additions	961,285	3,118,490	-	66,350	4,146,125
Arising from acquisition of a subsidiary	344,132	1,656,644	-	-	2,000,776
Disposals	(356,218)	(830,239)	-	-	(1,186,457)
At end of year	4,545,604	14,099,187	588,397	3,199,034	22,432,222
Accumulated depreciation:					
At beginning of year	2,026,950	5,634,885	260,006	20,885	7,942,726
Depreciation for the year	541,052	1,724,832	104,640	64,423	2,434,947
Arising from acquisition of a subsidiary	60,356	284,833	-	-	345,189
Impairment loss	288,280	1,797,581	-	-	2,085,861
Disposals	(335,955)	(767,281)	-	-	(1,103,236)
At end of year	2,580,683	8,674,850	364,646	85,308	11,705,487
Depreciation for last year	324,209	928,263	105,780	20,885	1,379,137
Net book value:					
At end of year	1,964,921	5,424,337	223,751	3,113,726	10,726,735
At beginning of year	1,569,455	4,519,407	328,391	3,111,799	9,529,052

Notes to Financial Statements

Plant and equipment with the following net book values at year end are under finance leases:

	2002	2001
	\$	\$
Kitchen equipment	494,935	480,089
Furniture, fixtures and equipment	248,444	-
Motor vehicles	223,753	315,893
Total	967,132	795,982

Leasehold properties with total net book value of \$3,113,726 (2001 : \$3,111,799) have been pledged to secure bank loans (Note 15).

Impairment loss has been provided on those assets where the recoverable amounts are estimated to be less than their carrying amounts.

Details of the leasehold properties as at December 31, 2002 are as follows:

Location	Type of premises	Land area (sq ft)	Tenure
20 Bukit Batok Crescent #11-05 to 09 Enterprise Centre Singapore 658080	Office cum factory building	14,424	60 years commencing March 13, 1997

12 TRADE PAYABLES

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Outside parties	3,952,234	3,663,445	-	-
Related parties (Note 4)	62,456	50,930	-	-
Total	4,014,690	3,714,375	-	-

13 OTHER PAYABLES

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Advances from a subsidiary (Notes 8)	-	-	866,732	-
Refundable security deposits	601,092	249,698	-	-
Accrued expenses	3,199,160	4,425,166	115,540	165,858
Others	2,159,078	1,481,962	1,247,684	-
Total	5,959,330	6,156,826	2,229,956	165,858

Included in others at the company's level as at December 31, 2002 is an amount of \$1,238,243 relating to the net liabilities of a subsidiary, Club Asiana Pte Ltd which the company has agreed to assume following the subsidiary's decision to cease operations in January 2003.

The advances from a subsidiary are unsecured and bear interest at 5.5% per annum.

14 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2002	2001	2002	2001
	\$	\$	\$	\$
Group				
Amounts payable under finance leases:				
Within 1 year	658,742	330,162	604,154	298,025
Within the 2 to 5 year	294,496	306,277	265,584	258,681
	953,238	636,439	869,738	556,706
Less: Future finance charges	(83,500)	(79,733)	-	-
Present value of lease obligations	869,738	556,706	869,738	556,706
Less: Amount due within 12 months (shown under current liabilities)	(604,154)	(298,025)	(604,154)	(298,025)
Amount due after 12 months	265,584	258,681	265,584	258,681

The effective borrowing rate is 3.875% (2001 : 4.00%) per annum.

15 LONG-TERM LOANS

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Long-term loans from:				
Banks	3,338,385	3,075,679	-	-
Corporate shareholder of a joint venture company	210,000	-	-	-
	3,548,385	3,075,679		
Current portion	(1,256,021)	(734,476)	-	-
Non-current portion	2,292,364	2,341,203	-	-

The bank loans of the subsidiaries are repayable in 240 monthly instalments commencing November 2001. Interest is charged on the loans at rates ranging from 5.00 % to 6.50 % (2001 : 5.25% to 5.70%) per annum.

The bank loans are secured by way of:

- a) a charge over the leasehold properties of the subsidiary as disclosed in Note 11; and
- b) corporate guarantee for \$5,099,229 issued by the company.

The loan from the corporate shareholder of a joint-venture company is unsecured, interest free and repayable in monthly instalments of \$5,000.

Notes to Financial Statements

16 DEFERRED INCOME TAX

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

	Accelerated tax depreciation	Unabsorbed capital allowances	Total
	\$	\$	\$
Group			
At beginning of year	590,679	(475,956)	114,723
Charge to profit and loss	190,428	159,546	349,974
Effect of change in tax rate	(75,823)	95,849	20,026
At end of year	705,284	(220,561)	484,723

17 ISSUED CAPITAL

	2002	2001	2002	2001
	Number of shares		\$	\$
Group and Company				
Authorised: Ordinary shares of \$0.025 each	400,000,000	400,000,000	10,000,000	10,000,000
Issued and fully paid:				
Balance at beginning of year	100,000,000	2	2,500,000	2
Issue of shares before subdivision of shares	-	1,586,714	-	1,586,714
Subdivision of shares	-	78,413,284	-	-
Issue of shares	20,000,000	20,000,000	500,000	913,284
Balance at end of year	120,000,000	100,000,000	3,000,000	2,500,000

During the financial year, the company issued an additional 20,000,000 ordinary shares of \$0.025 each at a premium of \$0.087 per share for cash pursuant to the Placement Agreement with Chip Lian Investments Pte Ltd.

18 SHARE PREMIUM

	Group and Company	
	2002	2001
	\$	\$
Balance at beginning of year	2,926,581	-
Arising from public offering	-	4,100,000
Arising from Placement Agreement	1,740,000	-
Share issue expenses	(71,240)	(1,173,419)
Balance at end of year	4,595,341	2,926,581

Included in the share issue expenses written off during the year is professional fee of \$9,800 (2001 : \$233,000) paid to the auditors of the company.

19 REVENUE

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Food and beverages	58,934,812	53,546,967	-	-
Service charges	5,139,107	4,857,230	-	-
Management fee	348,000	224,000	-	-
Dividend income	-	-	1,180,000	-
Total	64,421,919	58,628,197	1,180,000	-

20 OTHER OPERATING INCOME

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Interest income from non-related companies	1,691	22,594	90	16,923
Interest income from joint venture (Note 9)	28,953	11,910	28,953	11,910
Rental of equipment	60,000	-	-	-
Others	93,821	67,398	-	-
Total	184,465	101,902	29,043	28,833

21 STAFF COSTS

Included in the staff costs of \$18,132,121 (2001 : \$18,719,216) is the following:

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Cost of defined contribution plan	1,583,670	1,577,580	-	-

	Group		Company	
	2002	2001	2002	2001
Number of employees at end of year	740	745	-	-

The management and staff handling the affairs of the company are employed by a subsidiary company.

Notes to Financial Statements

22 FINANCE COST

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Interest expense to non-related companies:				
Bank overdraft	13,045	-	-	-
Bank loans	182,512	66,172	-	14
Finance leases	48,230	25,853	-	-
Others	3,720	-	-	-
Interest expense to a subsidiary	-	-	26,732	-
Total	247,507	92,025	26,732	14

23 LOSS BEFORE INCOME TAX AND SHARE OF LOSS IN JOINT VENTURES

In addition to the charges and credits disclosed elsewhere in the notes, this item includes the following charges:

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Depreciation expense	2,434,947	1,379,137	-	-
Allowance for impairment losses:				
Property, plant and equipment	2,085,861	-	-	-
Investment in subsidiary	-	-	575,000	-
Goodwill	794,531	-	-	-
Allowance for non-trade doubtful debts from a subsidiary	-	-	2,760,438	-
Allowance for doubtful other receivables	167,850	-	-	-
Amortisation of goodwill	208,517	35,436	-	-
Auditors' remuneration:				
Auditors of the company	143,000	116,000	24,000	21,000
Underprovision in prior year	5,000	-	-	-
Non-audit services fees:				
Auditors of the company	9,800	8,000	9,800	8,000
Bad debts written off	-	415	-	-
Directors' remuneration:				
Directors of the company	-	-	-	-
Directors of the subsidiaries	433,630	466,719	-	-
Directors' fee	40,000	24,000	40,000	24,000
Incorporation expenses	-	4,600	-	-
Loss on disposal of property, plant and equipment	45,261	55,128	-	-

The number of directors of the company in remuneration bands for the year ended December 31, 2002 are as follows:

	Number of executive directors		Number of non-executive directors		Total number of directors	
	2002	2001	2002	2001	2002	2001
\$500,000 and above	-	-	-	-	-	-
\$250,000 to \$499,999	-	1	-	-	-	1
Below \$250,000	2	1	4	3	6	4
Total	2	2	4	3	6	5

24 INCOME TAX EXPENSE

This comprises:

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Current tax expense	40,398	71,101	134,100	7,064
Deferred tax	370,000	(99,000)	-	-
Total/Net	410,398	(27,899)	134,100	7,064

The income tax expense varied from the amount of income tax expense determined by applying the Singapore tax rate of 22.0% (2001 : 24.5%) to the profit before tax as a result of the following differences:

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Income tax expense (benefit) at statutory rate	(852,303)	(344,688)	(787,717)	(85,727)
Non-allowable items	1,190,207	70,845	1,011,437	92,791
Group relief	-	-	(110,000)	-
Effect of changes in tax rates	20,026	-	-	-
Unrecorded deferred tax benefits	713,475	386,801	-	-
Utilisation of prior year's tax losses	(505,878)	(122,763)	-	-
Tax exempt	(23,100)	(12,863)	-	-
Others	(132,029)	(5,231)	20,380	-
Net	410,398	(27,899)	134,100	7,064

Group relief

During the year the company utilises \$500,000 of the current year tax losses and capital allowances of a subsidiary pursuant to the group relief scheme which was announced this year. The benefit from group relief amounted to approximately \$110,000. The subsidiary which transferred the tax losses and capital allowances to the company has agreed to transfer the tax losses and capital allowances without any charge to the company.

Notes to Financial Statements

The company believes that it has satisfied the group relief provision based on the details that have been announced to date.

As at year end, the group has unutilised tax losses and timing differences amounting to \$3,547,055 and \$114,452 (2001 : \$500,246 and \$76,301) respectively. Deferred tax benefit on unutilised tax losses of \$780,352 (2001 : \$122,560) and timing differences of \$25,179 (2001 : \$18,694) of a subsidiary has not been recognised due to the unpredictability of future income.

25 LOSS PER SHARE

Loss per share is based on the group's loss after taxation for the financial year of \$4,476,656 (2001 : loss of \$1,464,991) divided by 102,500,000 (2001 : 93,622,387) being the weighted average number of shares outstanding during the financial year.

26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement consist of the following:

	2002	2001
	\$	\$
Cash and bank balances	3,832,121	4,570,816
Bank overdraft	(398,464)	-
Net/Total	3,433,657	4,570,816

27 SEGMENTAL INFORMATION

The group currently operates in Singapore and in one main line of business, being that of restaurant business. Therefore the requirement on the disclosure of information relating to the industrial and geographical segments of the operations is not applicable.

28 CONTINGENT LIABILITIES

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Corporate guarantees issued for bank facilities and finance lease facilities granted to:				
- Subsidiary companies (unsecured)	-	-	5,802,467	3,342,333
- Joint venture company (unsecured)	354,433	500,000	354,433	500,000
Total	354,433	500,000	6,156,900	3,842,333

29 CAPITAL EXPENDITURE COMMITMENTS

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	-	186,333	-	-

30 OPERATING LEASE COMMITMENTS

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Minimum lease payments paid under operating leases	8,480,143	6,972,201	-	-

At the balance sheet date, commitments in respect of operating leases for restaurant premises with a term of more than one year were as follows:

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Within 1 year	8,782,095	6,527,478	-	-
Within 2 to 5 years	11,184,896	9,223,448	-	-
After 5 years	-	-	-	-

31 SUBSEQUENT EVENT

On January 28, 2003, one of its subsidiaries, Club Asiana Pte Ltd ceased operations. The management is exploring various options including the sale and liquidation of the subsidiary.

Expenses relating to the cessation of operation amounting to approximately \$448,000 has been taken up in the group's profit and loss statement for 2002.

Statement of Directors

In the opinion of the directors, the financial statements of the company and consolidated financial statements of the group set out on pages 39 to 61 are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at December 31, 2002 and of the results and changes in equity of the company and of group, and the cash flows of the group for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Zhou Yingnan

Tjioe Ka Men

Singapore
March 14, 2003

Statistics of Shareholdings

AS AT 11 APRIL 2003

Authorised Share Capital	:	\$10,000,000/-
Issued and Fully Paid Capital	:	\$3,000,000/-
Class of Shares	:	Ordinary shares of \$0.025 each
Voting Rights	:	One vote per share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 to 999	0	0.00	0	0.00
1,000 to 10,000	677	64.11	2,682,000	2.23
10,001 to 1,000,000	369	34.94	21,859,000	18.22
1,000,001 and above	10	0.95	95,459,000	79.55
Total	1,056	100.00	120,000,000	100.00

Shareholdings in the hands of public as at 11 April 2003

The percentage of shareholdings in the hands of the public was approximately 31% , and hence the company has complied with Rule 723 of the Listing Manual which states that an issuer must ensure that at least 10% of its ordinary shares is at all time held by the public.

Top 20 shareholders

No.	Name of Shareholders	No. of Shares	%
1.	Zhou Holdings Pte Ltd	49,200,000	41.00
2.	Chip Lian Investments Pte Ltd	20,000,000	16.67
3.	Goh Cheng Liang	9,348,000	7.79
4.	Sim Lai Hee	4,104,000	3.42
5.	Hong Leong Finance Nominees Pte Ltd	4,060,000	3.38
6.	Tay Kwang Thiam	2,766,000	2.31
7.	Sim Seng Jin	2,501,000	2.08
8.	Yeow Seng (Shark's Fin) Pte Ltd	1,350,000	1.13
9.	Chua Soon Beng Ellen	1,095,000	0.91
10.	Lo Tak Meng	1,035,000	0.86
11.	OCBC Securities Private Ltd	799,000	0.67
12.	Sim Seng Kiang	776,000	0.65
13.	Tan Chee Kien	763,000	0.64
14.	Seah Siew Heng	600,000	0.50
15.	Yio Kang Leng	600,000	0.50
16.	Kim Eng Ong Asia Securities Pte Ltd	475,000	0.40
17.	How Yim Soo	450,000	0.37
18.	DBS Nominees Pte Ltd	408,000	0.34
19.	Lee Chye Chuan	400,000	0.33
20.	United Overseas Bank Nominees Pte Ltd	282,000	0.23
Total		101,012,000	84.18

Substantial Shareholders

Name of Shareholders	Direct Interest	%	Deemed Interest	%
Zhou Holdings Pte Ltd	53,200,000	44.33	-	-
Goh Cheng Liang	9,348,000	7.79	-	-
Zhou Yingnan	-	-	53,200,000*	44.33
Tjioe Ka Men	30,000	0.025	53,200,000*	44.33
Tjioe Ka In	30,000	0.025	53,200,000*	44.33
Chip Lian Investments Pte Ltd	20,000,000	16.67	-	-
Chip Lian Private Limited	-	-	20,000,000**	16.67
Oei Hong Leong	-	-	20,000,000**	16.67

* 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 these shares held by Chip Lian Investments Pte Ltd by virtue of Section 7 of the Companies Act, Cap 50.

Additional Information

1. INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year pursuant to the Shareholders' Mandate under Chapter 9 of the Listing Manual by the Group are as follows:-

	\$
a) Sale of food and beverages	44,942/-
b) Management fee	108,000/-

The value of each of the transactions under (b) is less than \$100,000/-.

2. MATERIAL CONTRACTS PURSUANT TO RULE 1207(8) OF THE LISTING MANUAL

No material contracts to which the Company or its subsidiary is a party and which involve interests of directors subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 3rd Annual General Meeting of **TUNG LOK RESTAURANTS (2000) LTD** will be held at The Arena Country Club, Arena Ballroom, Level 2, 511 Upper Jurong Road, Singapore 638366 on Monday, 26 May 2003 at 10.00 a.m. for the following purposes :-

ORDINARY BUSINESS

1. To receive and adopt the audited accounts for the year ended 31 December 2002 and the Reports of the Directors and Auditors. **(Resolution 1)**
2. To approve Directors' fees of \$40,000/- for the year ended 31 December 2002. (2001 : \$24,000/-) **(Resolution 2)**
3. (a) To re-elect Dr Ker Sin Tze who retires in accordance with Article 91 of the Company's Articles of Association. **(Resolution 3a)**
(b) To re-elect Mr Ch'ng Jit Koon who retires in accordance with Article 97 of the Company's Articles of Association. **(Resolution 3b)**
4. To pass the following resolution :-
That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr Zhou Yingnan be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 4)**
5. To re-appoint Messrs Deloitte & Touche as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business of an Annual General Meeting of which due notice shall have been given. **(Resolution 6)**

SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following as Ordinary Resolution, with or without modification :-
That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the directors of the Company to issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time this resolution is passed and any subsequent consolidation or subdivision of the Company's shares), and 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 the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 7)**

By Order of the Board

MICHAEL TAY KWANG HOW
Secretary

Singapore, 8 May 2003

NOTE :

- 1) A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. 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 Meeting.
- 2) Dr Ker Sin Tze, an Independent Director, if re-elected, will remain a member of the Audit Committee.
- 3) Mr Ch'ng Jit Koon, an Independent Director, if re-elected, will remain a member of the Audit Committee.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED :

Resolution 7

This is to authorise the directors of the Company to issue shares and convertible securities up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares and convertible securities not made on a pro-rata basis to shareholders of the Company.

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TUNG LOK RESTAURANTS (2000) LTD
(Incorporated in the Republic of Singapore)

PROXY FORM
FOR ANNUAL GENERAL MEETING

I/We, _____ (Name)
of _____ (Address)

being a member/members of the abovenamed Company, hereby appoint Mr/Mrs/Ms

	Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
(a)				
and/or (delete as appropriate)				
(b)				

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf and, if necessary, to demand a poll, at the 3rd Annual General Meeting of the Company to be held at The Arena Country Club, Arena Ballroom, Level 2, 511 Upper Jurong Road, Singapore 638366 on Monday, 26 May 2003 at 10.00 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).

No	Resolutions Relating To	For	Against
1	Adoption of Reports and Accounts		
2	Approval of Directors' fees		
3	Re-election of Director		
	a) Dr Ker Sin Tze		
	b) Mr Ch'ng Jit Koon		
4	Re-appointment of Mr Zhou Yingnan as a Director		
5	Re-appointment of Auditors		
6	Other Business		
7	Authority to issue shares (General)		

Dated this _____ day of _____ 2003

Total No. of Shares Held	
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Signature(s) of Member(s) or Common Seal

IMPORTANT - Please read Notes on the reverse.

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.
3. Where a member appoints more than one proxy, the appointment 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 seal or under the hand of an officer or attorney duly authorised.
6. 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.