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TUNG LOK RESTAURANTS (2000) LTD
ANNUAL REPORT 2016

For the financial year ended 31 March 2016

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This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is: -
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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Group's annual report for the financial year ended 31 March 2016 ("**FY16**").

The F&B scene in Singapore remains challenging as restaurants and related establishments continue to grapple with stiff competition, high rentals, rising wages and limited manpower. Amid these challenges, Tung Lok Restaurants (2000) Ltd ("**TungLok**" or the "**Group**") is making good progress in expanding its presence and streamlining operations.

FINANCIAL PERFORMANCE

Our ongoing efforts to keep ourselves relevant and differentiated in a highly competitive business have yielded encouraging results.

Revenue for FY16 rose 1.3% to S$86.1 million from S$85.0 million for the financial year ended 31 March 2015 ("**FY15**"). This was mainly due to higher revenues from two rebranded outlets and a new outlet which opened in FY16. Increased contributions from catering sales and existing restaurants also lifted overall revenue. The revenue increase was partially offset by loss in revenue contributions from the closure of two outlets in FY16 and the de-consolidation of a former subsidiary, PT Ming Cipta Rasa ("**PT Ming**") during FY15.

With the rise in revenue, gross profit increased 2.2% to S$62.1 million. Gross profit margin edged up to 72.2% in FY16 from 71.5% in FY15 due to better control of food costs.

The improvement in revenue, lower food and operating expenses, lower finance costs and higher income tax benefits enabled us to achieve a net profit after tax attributable to shareholders of S$611,000 in FY16. This was higher than our FY15 net profit of S$574,000.

Fully diluted earnings per share for FY16 amounted to 0.22 cent, compared to 0.23 cent for FY15.

Other operating income decreased by S$2.9 million or 48.9% to S$3.1 million in FY16 from S$6.0 million in FY15. This was mainly due to the absence of a one-off gain of S$2.2 million from the disposal of a former subsidiary and recovery of doubtful debts of S$0.3 million, as well as lower marketing promotion funds and interest income.

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Administrative expenses, mainly manpower-related expenses, decreased by S$0.3 million or 1.0% to S$31.5 million in FY16 from S$31.8 million in FY15 mainly due to the absence of manpower costs from a former subsidiary (PT Ming) disposed in FY15 and lower manpower costs arising from the closure of two outlets. The decrease was partly offset by salary increments and higher Central Provident Fund contribution rates (which took effect from 1 January 2015).

Other operating expenses declined S$3.1 million or 8.3% to S$33.4 million in FY16 from S$36.5 million in FY15 mainly due to the absence of an allowance of S$2.5 million for non-trade doubtful debt due from PT Ming as well as lower utility, depreciation and utensil expenses of S$1.6 million. The decrease was offset by higher upkeep and cleaning, mooncake related, advertising and promotion, credit card commission and royalty expenses amounting to S$0.9 million.

Share of profit of our Singapore-based joint venture, T & T Gourmet Cuisine Pte Ltd, declined to S$286,000 in FY16 from S$656,000 in FY15 due to lower profitability. The Group had lower share of profit from associate companies in FY16 as its China-based associates incurred higher losses during the financial year.

The Group's total assets as at 31 March 2016 decreased by S$2.1 million or 5.5% to S$36.0 million from S$38.1 million as at 31 March 2015. This was mainly a result of decrease in plant and equipment of S$1.9 million and decrease in cash and bank balance of S$1.2 million. The overall decline was partially offset by higher trade and other receivables of S$0.3 million, an increase of S$0.3 million in the net assets of a joint venture, an increase of S$0.1 million in long-term security deposit and higher deferred tax assets of S$0.3 million.

Total liabilities of the Group decreased by S$3.3 million or 13.8% to S$20.6 million as at 31 March 2016 from S$23.9 million as at 31 March 2015 mainly due to repayment of bank borrowings and finance leases amounting to S$2.2 million as well as lower trade and other payables of S$1.4 million due to improved creditor turnover days. This was partly offset by new finance leases of S$0.3 million.

Cash and bank balances declined to S$14.0 million as at 31 March 2016 from S$15.3 million as at 31 March 2015 mainly due to payments of S$3.0 million for the acquisition of plant and equipment, S$0.5 million dividends paid to non-controlling interests of subsidiaries and repayment of S$2.2 million for bank borrowings and finance leases. These were higher than the net cash of S$4.5 million generated from operations.

Net working capital rose to S$6.0 million as at 31 March 2016 from S$4.5 million as at 31 March 2015 largely due to the improvement in the Group's overall performance during FY16. Net asset value per share as at 31 March 2016 rose to 6.11 cents from 5.83 cents as at 31 March 2015.

OPERATIONS

With the disposal of PT Ming, we channelled our focus and resources to our operations in Singapore and China. While rising costs have always been a challenge, we managed to contain them during FY16. Manpower and other operating costs stabilised while revenue improved. We shall continue to explore and nurture concepts that encourage lean manpower requirements and streamline our menus to improve kitchen operational efficiencies.

As at 31 March 2016, the Group operates a total of 45 outlets, comprising 25 of the Group's own restaurants, 9 outlets at associate level, and 11 others under management.

We also launched a home-delivery service in October 2015. Through our online store (www.homefiesta.tunglok.com), users can choose from a wide variety of ready-to-eat dishes and dim sum.

OUTLOOK AND FORWARD STRATEGY

The Group's performance in FY16 improved compared to FY15 notwithstanding the unfavourable economic conditions and challenging operating environment for the F&B industry.

Business conditions are expected to remain challenging in the next 12 months due to the uncertain economic outlook, stiff competition as well as rising business and manpower costs.

Amid these challenges, the Group will continue to focus on improving revenue and managing operating costs. To achieve this, we will seek to further enhance productivity, capitalise on relevant government incentives and explore additional ways to streamline operations as well as reinvent our restaurant concepts to remain competitive.

CHAIRMAN'S STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

TungLok believes firmly in being a responsible corporate citizen. We want the communities in which we operate to thrive and share the fruits of our success.

As part of our ongoing public outreach programmes, we took part in the annual Assisi Hospice Charity Fun Day 2015 held on 14 June 2015 at St. Joseph's Institution International. The event raised funds for Assisi Hospice, which provides subsidised care for the poor and critically ill. Together with our counterparts in the F&B industry, TungLok's management and staff had a rewarding time selling food at the charity drive.

ACCOLADES

We are deeply honoured to have been recognised at the Restaurant Association of Singapore ("**RAS**")'s Epicurean Star Award Gala Dinner 2015 held in November last year. At the event, which honours F&B establishments for exceptional cuisines and dining experiences, we won the following awards:

Best Chinese Fine Dining – *Tóng Lè Private Dining*

Best Chinese Casual Dining – *Lingzhi Vegetarian*

Best Chinese Chain Restaurant – *TungLok Signatures*

Best Western Chain Restaurant – *Dancing Crab*

HPB Healthy Menu Award, Asian Professional - *TungLok Signatures*

Star Chef Competition's Asian Professional categories (Champion, 1st runner-up and 2nd runner-up) – *TungLok Signatures*, *Lokkee* and *Shin Yeh*, respectively

5S Excellence Award – *TungLok Signatures* and *Ruyi*

In addition to the RAS awards, *Dancing Crab* was named Overall Winner of Promising Franchisor of the Year at the 2015 Franchising and Licensing Association (FLA) Awards. The Group also won the Gastronomy Excellence Brand Award at the Asia Enterprise Brand Awards 2015.

BOARD STRUCTURE

As announced on 18 August 2015, the Group's board of directors reconstituted its Audit and Risk Committee following the resignation of Mdm Ng Siok Keow as a committee member. The committee is currently chaired by Dr Tan Eng Liang and comprises three other board members.

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the directors, I would like to thank the management and staff of TungLok for their commitment and hard work. My appreciation also goes out to all shareholders, customers and business partners for their support and trust.

Andrew Tjioe
Executive Chairman
17 June 2016

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Tjioe Ka Men
Executive Chairman

Mdm Tjioe Ka In
Executive Director

Dr Tan Eng Liang
Lead Independent Director

Dr Ker Sin Tze
Independent Director

Mr Chee Wai Pong
Independent Director

Mdm Ng Siok Keow
Non-Independent and Non-Executive Director

Mr Goi Seng Hui
Non-Independent and Non-Executive Director

AUDIT AND RISK COMMITTEE
Dr Tan Eng Liang (Chairman)
Dr Ker Sin Tze
Mr Chee Wai Pong
Mr Goi Seng Hui

NOMINATING COMMITTEE
Dr Ker Sin Tze (Chairman)
Dr Tan Eng Liang
Mr Chee Wai Pong
Mr Goi Seng Hui
Mr Tjioe Ka Men

REMUNERATION COMMITTEE
Mr Chee Wai Pong (Chairman)
Dr Tan Eng Liang
Dr Ker Sin Tze

EXECUTIVE COMMITTEE
Mr Goi Seng Hui (Chairman)
Mdm Ng Siok Keow
Dr Tan Eng Liang
Mr Tjioe Ka Men

COMPANY SECRETARY
Chan Wai Teng Priscilla

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1 Sophia Road #05-03
Peace Centre
Singapore 228149
Tel: 6337 1712
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SHARE REGISTRAR AND SHARE TRANSFER OFFICE
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS
Ernst & Young LLP
One Raffles Quay, North Tower, Level 18
Singapore 048583
Partner in charge: **Mr Lim Tze Yuen**
Date of appointment: 30 July 2014

PRINCIPAL BANKERS
United Overseas Bank Ltd
Development Bank of Singapore Limited
CIMB Bank Berhad

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HISTORICAL FINANCIAL SUMMARY

OPERATING RESULTS FOR THE GROUP

S$'000	FY2012	FY2013	FY2014	FY2015	**FY2016**
Turnover	86,640	81,545	77,921	84,985	**86,065**
Profit/(Loss) before tax and share of profit/(loss) of joint venture & associates	(1,883)	(4,515)	(10,287)	(1,733)	**14**
Share of profit/(loss) of joint venture & associates	(265)	190	256	724	**286**
Taxation	(163)	717	75	456	**682**
Profit/(Loss) after taxation but before non-controlling interests	(2,311)	(3,608)	(9,956)	(553)	**982**
Profit/(Loss) attributable to the owners of the company	(1,795)	(3,169)	(6,777)	574	**611**

FINANCIAL POSITION FOR THE GROUP

S$'000	31Mar 2012	31Mar 2013	31Mar 2014	31Mar 2015	**31Mar 2016**
Property, plant and equipment	14,872	17,773	19,158	13,955	**12,052**
Current assets	15,769	15,003	17,501	20,467	**19,247**
Other non-current assets	3,227	2,631	3,071	3,660	**4,652**
Total assets	33,868	35,407	39,730	38,082	**35,951**
Current liabilities	18,990	24,302	24,514	16,015	**13,247**
Non-current liabilities	6,918	6,669	11,591	7,912	**7,387**
Shareholders' equity	7,342	4,179	6,370	16,000	**16,772**
Non-controlling interests	618	257	(2,745)	(1,845)	**(1,455)**
Total liabilities and equity	33,868	35,407	39,730	38,082	**35,951**
NTA per share (cents)	5.24	2.99	3.25	5.83	**6.11**

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

In 2008, Mr Tjioe was honoured with the International Star Diamond Lifetime Achievement Award from the New York-based American Academy of Hospitality Sciences. At the World Gourmet Summit Awards of Excellence 2011, Mr Tjioe was named *Restaurateur of the Year (Regional)*. He was the winner of *Ernst & Young's Entrepreneur Of The Year Award 2011 (Lifestyle)*, and also the recipient of the *Epicure Excellence Award 2013*.

Mr Tjioe is currently the President of the Restaurant Association of Singapore (RAS); a board member of the SHATEC Institute; Vice Chairman of the Franchising and Licensing Association of Singapore; a member of the Board of Governors – World Gourmet Summit; council member of Singapore Business Federation (SBF); council member of National Productivity Council (NPC); council member of National Wages Council (NWC); a member of the Board of Governors of Temasek Polytechnic (TP) as well as the Chairman of TP's School of Applied Science Advisory Committee; Patron of Joo Chiat Citizens' Consultative Committee, among others.

Mr Tjioe is a Hwa Chong alumni and a graduate in Business Administration from Oklahoma State University, USA.

TJIOE KA IN was appointed to the Board on 1 March 2001 and was last re-elected on 30 July 2014. She will seek re-election at the forthcoming Annual General Meeting. She joined Tung Lok Group in 1988 and is currently the Executive Director of the Group. Her primary responsibilities include strategic planning and ensuring smooth operations of Tung Lok restaurants.

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

Mdm Tjioe holds a Bachelor of Science Degree in Hotel and Restaurant Management from Oklahoma State University, USA. Mdm Tjioe is currently a member of the Ulu Pandan Community Centre Management Committee.

DR TAN ENG LIANG was appointed as an Independent Director of our Company on 1 March 2001 and was last re-elected on 30 July 2015. He will seek re-election at the forthcoming Annual General Meeting. Dr Tan was appointed the Lead Independent Director on 31 May 2013. He is the Chairman of the Audit and Risk Committee and also a Member of the Nominating Committee, Remuneration Committee and Executive Committee.

Dr Tan was a Member of Parliament from 1972 to 1980, the Senior Minister of State for National Development from 1975 to 1978 and Senior Minister of State for Finance from 1978 to 1979. He also served as the Chairman of the Urban Redevelopment Authority, Singapore Quality & Reliability Association and the Singapore Sports Council. Dr Tan has a Doctorate from Oxford University, England. Dr Tan was awarded the Public Service Star (BBM), Public Service Star – Bar (BBM(L)) and the Meritorious Service Medal by the Singapore Government. He also serves as Vice President in the Singapore National Olympic Council.

Dr Tan is also a director of the following public listed companies: SunMoon Food Company Limited and Progen Holdings Ltd. His past directorships in the last three years include Sapphire Corporation Limited (resigned in October 2013), Hartawan Holdings Limited (resigned in December 2013), HG Metal Manufacturing Limited (resigned in April 2014) and UE E&C Ltd (resigned in January 2015).

DR KER SIN TZE was appointed as an Independent Director on 1 March 2001 and was last re-elected on 30 July 2015. He will seek re-election at the forthcoming Annual General Meeting. He is the Chairman of the Nominating Committee and also a Member of the Audit and Risk Committee and Remuneration Committee.

Dr Ker holds a Bachelor of Commerce degree from Nanyang University, M.A. (Economics) and Ph.D (Economics) degree from the University of Manitoba, Canada. He lectured at the then University of Singapore from 1974 to 1980. He joined Liang Court Pte Ltd as Managing Director in 1980 until September 1991. In September 1990, he was appointed as the Executive Chairman of Superior Multi-Packaging Limited (formerly known as Superior Metal Printing Limited), a public listed company. In August 1991, Dr Ker was elected to Parliament. He resigned from Liang Court Pte Ltd and Superior Multi-Packaging Limited at the end of 1991 to take up his appointment as Minister of State for Information and the Arts and Minister of State for Education in January 1992. He resigned from his government posts and returned to the private sector in September 1994. He served as Member of Parliament (1991-2001), Trade Representative of Singapore in Taipei (2002-2007) and Consul-General of Singapore Consulate in Hong Kong (2008-2012). He is currently an Adjunct Professor at Lee Kuan Yew School of Public Policy, National University of Singapore.

BOARD OF DIRECTORS

MDM NG SIOK KEOW was appointed as a Non-Executive Director of the Company on 1 November 2013 and was last re-elected on 30 July 2014. She will seek re-election at the forthcoming Annual General Meeting. She is a Member of the Executive Committee.

Mdm Ng is currently an Executive Director of Far East Organization and a director of various unlisted companies in the Far East Organization Group. She serves as a director of Jurong Health Services Pte Ltd, which is the holding company of the Ng Teng Fong General Hospital in Singapore. She is a Patron of the Cairnhill Community Club and Bukit Timah Community Club, and was the Chairman of the Management Committee of Cairnhill Community Club from June 1994 to June 2007. She was also a Director of Singapore Symphonia Company Ltd. She was a Director of the Singapore Dance Theatre from 1999 to 2003 and a Resource Panel Member of the Government Parliamentary Committee (National Development) from 2001 to 2002. She was a Non-Executive Director of Far East Orchard Limited and retired in April 2016.

Mdm Ng was awarded the Pingat Bakti Masyarakat (PBM) in 1995, the Orchid Award by the Singapore Girl Guides Association in 1996 and the Bintang Bakti Masyarakat (BBM) in 2001. In 2015, Mdm Ng was conferred the SG50 Outstanding Chinese Business Pioneers Award by the Singapore Chinese Chamber of Commerce & Industry in recognition of her exemplary contribution to Singapore in the real estate sector and to the community.

Mdm Ng obtained her Bachelor of Science (Honours) degree in Chemistry from the University of Singapore.

GOI SENG HUI was appointed as a Non-Executive Director of our Company on 23 June 2011 and was last re-elected on 30 July 2015. He is the Chairman of the Executive Committee and also a Member of the Audit and Risk Committee and Nominating Committee.

Mr Goi is the Executive Chairman of Tee Yih Jia Group, a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China. In 2014, he was named Businessman of the Year by Singapore's Business Times and at the 49th National Day Awards, Mr Goi was conferred the Public Service Star (Bar) (L) – by the President of Singapore for his contributions to the community. Mr Goi was also conferred the State Award of Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the Head of State of Sabah, for his social and business contributions to Kota Kinabalu. In 2015, he was awarded the SG50 Outstanding Chinese Business Pioneers Award, and Enterprise Asia's Lifetime Achievement Award.

Mr Goi has investments across a range of listed and private entities in numerous industries, such as food and beverage, consumer essentials, recycling, distribution and logistics. Mr Goi also serves on the board of four other Mainboard-listed companies – as Executive Chairman of GSH Corporation Limited, Vice Chairman of Super Group Limited, Vice Chairman of Envictus International Holdings Limited and Vice Chairman of JB Foods Limited.

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

CHEE WAI PONG was appointed as an Independent Director of our Company on 30 September 2013 and was last re-elected on 30 July 2015. He is the Chairman of the Remuneration Committee, and also a Member of the Audit and Risk Committee and Nominating Committee.

Mr Chee is the honorary legal advisor to the Medical Alumni and Ling Kwang Home for the Senior Citizens. He is also a member of the Management Committee of the Students Care Service (a Voluntary Welfare Organisation under the National Council of Social Services) and a member of the Yishun Centre Advisory Committee of the Students Care Service. He was also a director of the Prison Fellowship Singapore and stepped down from this position in April 2012.

Mr Chee joined the Legal Service and was appointed a Deputy Public Prosecutor/State Counsel from 1971 to 1973. He was appointed a Magistrate and then District Judge and the State Coroner between 1973 and 1976. Mr Chee then joined M/s Osborne Jones & Co as a Partner from August 1976 to December 1978 and was a Partner of M/s Ng Ong & Chee from January 1979 to December 2006. From 1 January 2007, Mr Chee started his own law practice under the name and style of Chee Wai Pong & Co. He was an Independent Director of HG Metal Manufacturing Limited and resigned in April 2014.

Mr Chee currently sits on the board of directors of the following public listed companies: SunMoon Food Company Limited and Progen Holdings Ltd.

Mr Chee graduated from the University of Singapore with a Bachelor of Law Degree (LL.B. Hons) in 1971.

TIONG HENG TEE
Chief Financial Officer
Heng Tee, a Fellow Chartered Accountant with Institute of Singapore Chartered Accountants (ISCA), joined the Group in January 2012. Armed with 20 years of post-graduation experience in both private and Singapore public-listed companies, he is responsible for providing strategic direction for the finance team and oversees all key financial matters of the Group. Heng Tee holds a Bachelor of Accountancy from Nanyang Technological University of Singapore.

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

VINCENT PHANG
Senior Vice President, Events and Caterings
Vincent joined the Group in 1998. With a career spanning of 28 years, he had worked in various hotels from Boulevard Hotel to Le Meridien Singapore, as well as Fort Canning Country Club. In his current capacity, Vincent is overall responsible for the event and catering operations of the Group. A graduate from SHATEC, he also holds various certificates from the American Hotels & Motels Association, Premier Sales & Marketing for hospitality professionals from Asia Connect & HSMAI Asia Pacific and 'More Sales Thru Service Excellence' from the Marketing Institute of Singapore. At the Singapore Excellent Service Award 2004 organised by Spring Singapore and Singapore Tourism Board, Vincent was presented with the Star Award for his outstanding contribution and commitment to providing top quality service. He is currently the Vice President of Association of Catering Professionals Singapore (ACAPS).

CAROLYN TAN
Senior Vice President, Marketing & Corporate Communications
Carolyn joined the Group in 2002 as Marketing Communications Manager. Armed with years of experience in the marketing communications field, mainly from the hotel industry, her past employments include top hotel chains such as Westin, Hyatt, Holiday Inn, Raffles and Millennium & Copthorne International. In 2003, she was promoted to Director of Marketing, and in 2007, was appointed Vice President - Marketing & Corporate Communications. In her current capacity as Senior Vice President, she is in charge of the Marketing, Communications, Loyalty Programme, and Graphics Design teams, spearheading the marketing, promotional, public relations, and membership activities of the Group. She is also responsible for strategising plans to maintain the corporate and brand identity of the Group, as well as handling Special Projects. Carolyn holds a Bachelor of Arts in Mass Communications from the Royal Melbourne Institute of Technology.

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

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

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

CORPORATE GOVERNANCE REPORT

TUNG LOK RESTAURANTS (2000) LTD (the "**Company**") is committed to ensure and maintain a high standard of corporate governance with a view of enhancing corporate transparency and safeguarding interests of the shareholders, and seeks to comply with the Code of Corporate Governance 2012 (the "**Code**") issued on 2 May 2012 where appropriate. This report describes the corporate governance framework and practices of the Company for the financial year ended 31 March 2016 ("**FY16**") with specific reference made to the principles and guidelines of the Code. In so far as any guideline of the Code has not been complied with, the reason has been provided.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

Guidelines of the Code	Tung Lok's Corporate Governance practices
1.1 The Board's role	The Board is accountable to the shareholders and oversees the overall management of the business and affairs of the Group, including providing leadership and supervision to the Management of the Group so as to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's principal responsibilities include: (1) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives; (2) review Management performance (including Group's financial and operating performance); (3) establish a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets; (4) approve major investment and divestment proposals, material acquisitions and disposals of assets (exceeding S$200,000/-), corporate or financial restructuring and share issuances; (5) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation; (6) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; (7) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and (8) assume responsibility for corporate governance.
1.2 Directors to objectively discharge their duties and responsibilities	All directors exercise reasonable diligence and independent judgement when making decisions and are obliged to act in good faith and objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

1.3 Delegation of authority on certain Board matters	To facilitate effective management, certain functions have been delegated to various Board Committees, namely the Executive Committee (“**EXCO**”), Nominating Committee (“**NC**”), Remuneration Committee (“**RC**”) and Audit and Risk Committee (“**ARC**”), each of which has its own defined scope of duties and written terms of reference setting out the manner in which it is to operate. The Chairman of the respective Committees will report to the Board on the outcome of the committee meetings. Minutes of the Board Committee meetings are made available to all Board members. The terms of reference and composition of each Board Committee can be found in this report. The effectiveness of each Board Committee is also constantly reviewed by the Board. They assist the Board operationally without the Board losing authority over major issues. The EXCO assists the Board in the management of the Group as it works toward its objectives. The EXCO will provide entrepreneurial leadership and strategic stewardship, as well as set strategic objectives for the Group. The EXCO comprises four directors of whom two are non-independent and non-executive directors, one is an executive director and one is an independent and non-executive director as follows: - Mr Goi Seng Hui (Chairman) - Mdm Ng Siok Keow - Dr Tan Eng Liang - Mr Tjioe Ka Men
1.4 Board to meet regularly	The Board conducts regular scheduled meetings. Additional or ad-hoc meetings are convened in circumstances deemed appropriate by the Board members. Board papers incorporating sufficient information from Management are forwarded to the Board members in advance of a Board Meeting to enable each member to be adequately prepared. The Company’s Constitution allow a board meeting to be conducted by way of tele-conference or by means of a similar communication equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously. At the Board meeting, the directors are free to discuss and openly challenge the views presented by Management and the other directors. In lieu of physical meetings, written resolutions are circulated for approval by members of the Board. The frequency of meetings and attendance of each director at every board and board committee meeting for FY16 are disclosed below:-

	ATTENDANCE AT BOARD & BOARD COMMITTEE MEETINGS									
	Board		**Executive**		**Audit & Risk**		**Nominating**		**Remuneration**	
Directors	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**
Tjioe Ka Men	4	4	2	2	NA	NA	1	1	NA	NA
Tjioe Ka In	4	4	NA	NA	NA	NA	NA	NA	NA	NA
Tan Eng Liang	4	4	2	1	4	4	1	1	1	1
Ker Sin Tze	4	4	NA	NA	4	4	1	1	1	1
Goi Seng Hui	4	4	2	2	4	3	1	1	NA	NA
Chee Wai Pong	4	4	NA	NA	4	4	1	1	1	1
Ng Siok Keow	4	4	2	2	4	1*	NA	NA	NA	NA

NA – not applicable.

** Mdm Ng Siok Keow resigned as a member of the Audit and Risk Committee on 18 August 2015.*

1.5 Matters requiring Board approval	Matters which are specifically reserved for decision by the Board include those involving material acquisitions and disposals of assets, corporate or financial restructuring and share issuance, interim dividends and other returns to shareholders, and substantial transactions which have a material effect on the Group. Specific Board approval is required for any investments or expenditure exceeding S$200,000/-.
1.6 and 1.7 Directors to receive appropriate training; Formal letter to be provided to directors, setting out duties and obligations upon appointment	There was no new Director appointed in FY16. Upon appointment of a new director, the Company provides a formal letter to the director, setting out the Director's duties and obligations; policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restriction on disclosure of price-sensitive information; Annual Report and Code; Company's constitutional document; Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Rules of Catalist**") and relevant legislations; and other pertinent information for his/her reference. New Directors are briefed on the Group's structure, businesses, governance policies and regulatory issues. The Executive Chairman ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognizant of the affairs of the Group. From time to time, the Company's internal and external auditors, legal advisors, financial advisors and the Company Secretary will advise the directors or if necessary, conduct briefings to the directors on relevant regulations, new accounting standards and corporate governance practices as well as updates on any changes in the Companies Act and the Rules of Catalist. Directors also have the opportunities to visit the Group's operation facilities in order to have a better understanding of its business operations. The Company has available budget for directors to receive further training to enhance their skills and knowledge, particularly on relevant new laws, regulations, changing commercial risks and financial literacy from time to time. Relevant courses include programmes conducted by the Singapore Institute of Directors or other training institutions. Directors and senior executives participated in relevant trainings. During FY16, the Directors had received updates on regulatory changes to the Rules of Catalist and the accounting standards as well as amendments to the Companies Act.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

2.1 and 2.2 Strong and independent element on the Board, with independent directors making up at least one-third of the Board	The Board comprises seven (7) directors, of whom two (2) are executive directors, three (3) are independent and non-executive directors and two (2) are non-independent and non-executive directors. As at the date of this report, the Board comprises the following members: - Mr Tjioe Ka Men (Executive Chairman) - Mdm Tjioe Ka In (Executive Director) - Dr Tan Eng Liang (Independent and Non-Executive Director) - Dr Ker Sin Tze (Independent and Non-Executive Director) - Mr Chee Wai Pong (Independent and Non-Executive Director) - Mdm Ng Siok Keow (Non-independent and Non-Executive Director) - Mr Goi Seng Hui (Non-independent and Non-Executive Director) Currently, the Board has a strong and independent element as three out of seven board members (or 43%) are independent. This enables the Board to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on issues.

2.3 and 2.4 Board and NC to assess independence of directors; rigorous review of directors who served on the Board beyond nine years from the date of his appointment	The independence of each director is reviewed annually by the NC. The NC adopts the definition of what constitutes an Independent Director from the Code in its review and the Board, after taking into account the views of the NC, is satisfied that Dr Tan Eng Liang (“**Dr Tan**”), Dr Ker Sin Tze (“**Dr Ker**”) and Mr Chee Wai Pong are considered independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors’ judgment. Particular rigorous review is applied in assessing the continued independence of a Director having served beyond nine years from the date of his first appointment, with attention to ensuring that his allegiance remains clearly aligned with shareholders’ interest. Although both Dr Tan and Dr Ker have served on the Board for more than nine years from the date of their first appointments, they have continued to demonstrate strong independence in character and judgment over the years in the discharge of their duties and responsibilities as Independent Directors of the Company, with the utmost commitment to protect and uphold the interests of the Company and all shareholders, not just the substantial shareholders. Dr Tan and Dr Ker have also contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of the Group, expressed individual viewpoints, debated issues, sought clarification and amplification as they deemed necessary including through direct access to the Management, and objectively scrutinized Management. Further, having gained in-depth understanding of the business, operating environment and direction of the Group, they provided the Group with much needed experience and knowledge of the industry and offered valuable advice. Their objective leadership, depth of experience and skills, make them invaluable members of the Board. Both have independent income source apart from the fixed fees received from the Company. Accordingly the NC, with the concurrence of the Board, is satisfied that both Dr Tan and Dr Ker have remained independent in their judgment and can continue to discharge their duties objectively. The NC and the Board are of the view that no individual or small group of individuals dominates the Board’s decision making process. Independent Non-Executive Directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.
2.5 Board composition and size	The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive for effective discussion and there is sufficient diversity without interfering with efficient decision-making. The NC also reviewed and ensure that the Board has an appropriate balance of independent directors. The Board is of the view that the current board size and composition is appropriate, taking into account the nature and scope of the Group’s operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and board committees.
2.6 Board to comprise directors with core competencies	The Board proactively seeks to maintain an appropriate balance in its composition and size. To assist the NC in its annual review of the Directors’ mix of skills and experiences which the Board requires to function competently and efficiently, the Management compiled a Board of Directors competency matrix form, providing information of the areas of specialisation and expertise of the Directors. The Board and its board committees comprises respected individuals from different backgrounds and who as a group provides core competencies, such as business management experience, industry knowledge, legal, real estate and tenancies, human resource management, financial and strategic planning experience and customer-based knowledge that are extensive and critical to meet the Group’s objectives. The Board, taking into account the views of the NC, considers that the directors provide an appropriate balance and diversity of skills, experiences, gender and knowledge of the Company that will provide effective governance and stewardship for the Group. The Board includes two female directors in recognition of the value of gender diversity. Please refer to the “Board of Directors” section of the Annual Report for the directors’ profile.

2.7 Role of non-executive directors	The Board comprises five non-executive directors who review Management's performance and monitor the reporting of performance. They constructively challenge and help develop proposals on strategy.
2.8 Meetings of non-executive directors	Where warranted, non-executive directors meet without the presence of Management or executive directors to review any matter that may be raised privately.

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

There should a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

3.1 Chairman and CEO should be separate persons; division of responsibilities should be clearly established	Mr Tjioe Ka Men is the Executive Chairman of the Company. He manages the overall business of the Group and is responsible for setting the strategic direction and vision of the Group. Mr Tjioe bears the responsibility for the workings of the Board and, together with ARC, ensures the integrity and effectiveness of the governance process of the Board. All major financial decisions made by him are also reviewed by the EXCO and/or ARC. Mr Tjioe's performance and appointment to the Board are reviewed periodically by the NC and his remuneration package is governed by the recommendation of the RC. As there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on corporate affairs of the Group by members of the Board, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual. The Board is of the view that, given the scope and nature of the operations of the Group and the strong element of independence of the Board, it is not necessary to separate the functions of Executive Chairman and Chief Executive Officer.
3.2 Chairman's role	Mr Tjioe Ka Men's duties as Executive Chairman includes: (1) Leading the Board to ensure its effectiveness on all aspects of its role; (2) Setting the agendas for Board meetings and ensures sufficient allocation of time for thorough discussion; (3) Promoting an open environment for debate at the Board; (4) Ensuring that the directors receive complete, adequate and timely information; (5) Ensuring effective communication with the shareholders; (6) Encouraging constructive relations within the Board and between the Board and Management; (7) Facilitating the effective contribution of non-executive directors; and (8) Promoting high standards of corporate governance and ensuring that procedures are introduced to comply with the Code.
3.3 Appointment of lead independent director ("**LID**") where the Chairman and CEO is the same person, Chairman and CEO are immediate family members, Chairman is part of the Management team or is not an independent director	Dr Tan Eng Liang, who is currently an Independent Non-Executive Director, the Chairman of the Audit and Risk Committee and a member of the Executive, Nominating and Remuneration Committees of the Company, was appointed as the Lead Independent Director ("**LID**") on 31 May 2013. The LID is available to shareholders in circumstances where shareholders' concerns raised through normal channels to the Executive Chairman or Chief Financial Officer have failed to resolve or where such contact is inappropriate.
3.4 Led by the LID, the independent directors meet periodically without the presence of other directors	Dr Tan Eng Liang, the LID, leads and encourages dialogue between independent directors without the presence of the other directors and provides feedback to the Chairman.

Principle 4: Board Membership

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

4.1 NC to comprise at least three directors, majority of whom, including the NC Chairman should be independent; NC should have written terms of reference that describe the responsibilities of its members	The Company's NC comprises of five directors of whom three (including the Chairman of the NC) are independent and non-executive directors, one is an executive director and one is a non-independent and non-executive director as follows: - Dr Ker Sin Tze (Chairman) - Dr Tan Eng Liang (Lead Independent Director) - Mr Chee Wai Pong - Mr Tjioe Ka Men - Mr Goi Seng Hui The LID is a member of the NC. The NC is guided by the Terms of Reference, updated to be in line with the recommendations in the Code. The responsibilities of the NC are described in its written terms of reference and its key responsibilities include the following:- (1) review and recommend to the Board on the appointment and re-appointment of Directors (including alternate directors, if applicable) having regard to their contribution and performance (e.g. attendance, preparedness, participation and candour); (2) review the composition and progressive renewal of the Board; (3) review the training and professional development programs for the Board; (4) assess annually whether or not a director is independent; (5) assess whether or not a director, who has multiple board representations, is able to and has been adequately carrying out his/her duties as a director; (6) development of a process for evaluation of the performance of the Board, its board committees and contribution of each individual director; and (7) formal assessment of the effectiveness of the Board as a whole, its board committees and individual director.
4.2 NC to make recommendations to the Boards on relevant matters	The NC recommends appointment and re-appointments of directors to the Board. All directors are required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years. In accordance with Articles 91 and 97 of the Company's Constitution, all directors (except a Managing Director) shall retire from office once at least in each three years by rotation and all newly appointed directors will have to retire at the next Annual General Meeting ("**AGM**") following their appointments. The retiring directors are eligible to offer themselves for re-election. Dr Tan and Dr Ker were last reappointed to the Board at the AGM held on 30 July 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50, which was in force immediately before 3 January 2016. Pursuant to section 153(6) of the Companies Act, such re-appointments were until the coming AGM to be held on 28 July 2016. Accordingly, as their appointments will lapse at the forthcoming AGM, Dr Tan and Dr Ker are subject to re-appointment at the forthcoming AGM. Subject to their re-appointments at the forthcoming AGM, Dr Tan and Dr Ker's re-appointments will no longer be subject to shareholders' approval under section 153(6) of the Companies Act as it has been repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016, and they will then be subject to retirement by rotation pursuant to the Company's Constitution. The NC has recommended the re-appointments of both Dr Tan and Dr Ker as Independent Directors of the Company at the forthcoming AGM.

	At the forthcoming AGM, Mdm Ng Siok Keow and Mdm Tjioe Ka In are due to retire by rotation pursuant to Article 91 of the Company's Constitution. The NC has recommended the re-elections of Mdm Ng Siok Keow and Mdm Tjioe Ka In at the forthcoming AGM. These nominations have been accepted by the Board. In considering the nomination, the NC took into account the contribution of the directors with reference to their attendance and participation at Board and other Board committee meetings as well as the proficiency with which they have discharged their responsibilities.
4.3 NC to determine directors' independence annually	The NC has reviewed the independence of each director in accordance with the Code's definition of independence as well as the "Confirmation of Independence" returns submitted by the directors to the Company Secretary annually. The NC is satisfied that 43% of the Board members are considered to be independent.
4.4 NC to decide if a director who has multiple board representations is able to and has been adequately carrying out his/her duties as a director of the Company; The Board should determine the maximum number of listed company board representations which any director may hold	The NC and the Board are of the view that it is not meaningful to set a limit on the number of listed company board representations a director should have as the contribution of each director would depend on their individual circumstances, including whether they have a full time vocation or other responsibilities. Further the directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities. Instead, the NC will assess each potential or existing director relative to his/her abilities and known commitments and responsibilities. Specific considerations are also given to their attendance, contactability and responsiveness, as well as contributions and individual capabilities. The NC monitors and determines annually whether directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director and his/her actual conduct on the Board, in making this determination. The NC and with the concurrence of the Board were satisfied that in FY16, where a director had other listed company board representations and/or other principal commitments, the director was able to carry out and had been adequately carrying out his/her duties as a director of the Company.
4.5 Appointment of alternate directors	There is no alternate director on the Board.
4.6 Description of process for selection, appointment and re-appointment of directors, including the search and nomination process	The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations to cast its net as wide as possible for the right candidate. The NC determines the selection criteria in consultation with the Board and identifies candidates with the appropriate expertise and experience for the appointment as new director. The NC will shortlist candidates for interview before nominating the most suitable candidate to the Board for approval. The NC will evaluate a director in accordance with a set of criteria approved by the Board before recommending him/her to the Board for re-election.
4.7 Key information regarding directors should be disclosed in the annual report of the Company	Other key information of the directors who held office during the year up to the date of this report are disclosed in the "Board of Directors" section of the Annual Report.

Principle 5: Board Performance

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

5.1 Board to implement process to assess board performance as a whole and its board committees and for assessing the contribution by each individual director to the effectiveness of the Board; Assessment process should be disclosed in the annual report	The NC is responsible for recommending and implementing a process to assess the performance and effectiveness of the Board as a whole and its board committees, as well as assessing the contribution of each individual Director to the overall effectiveness of the Board. An assessment system and evaluation forms have been established and adopted for the evaluation of the Board as a whole, its board committees and the individual directors annually. The objective of the performance evaluation exercise is to uncover strengths and challenges so that the Board and board committees are in a better position to provide the required expertise and oversight. Following the review, the Board is of the view that the Board and its Board Committees operatively and each director is contributing to the overall effectiveness of the Board.
5.2 NC should decide how the Board's performance may be evaluated and propose objective performance criteria; Performance criteria, which allow for comparison with industry peers, should be approved by Board and address how the Board has enhanced long term shareholders' value	The NC has conducted a formal assessment of the effectiveness of the Board and its board committees for the financial year ended 31 March 2016. The performance criteria for the Board/Board Committees evaluation are in respect of size and composition, attendance, directors' independence, team spirit, open line of communication, degree of constructive discussion, quality of decision making, quality of agenda/board papers, timeliness of board papers, assessment of performance against specific targets, standard of conduct, risk management and internal controls etc. The NC is satisfied with the effectiveness of the Board as a whole and its Board Committees. The Board, as a group, possesses the necessary core competencies to direct the Company and Management to perform efficiently and effectively.
5.3 Individual evaluation to assess directors' effectiveness in contributions and commitment to the role; Chairman should act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of directors, in consultation with the NC	NC conducts evaluation of the performance of individual directors annually and for re-election or re-appointment of any director. The assessment of each director's performance is undertaken by the NC Chairman. The criteria for assessment include but not limited to attendance record at meetings of the Board and board committees, intensity of participation at meetings, quality of discussions, maintenance of independence and any special contributions. The NC, in concurrence with the NC Chairman, is satisfied that each director is contributing to the overall effectiveness of the Board.

Principle 6: Access to Information

In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

6.1 Board members to be provided with complete and adequate information in timely manner; Board to have separate and independent access to the Management	Board members are provided with adequate and timely information prior to Board meetings and committee meetings, and on an on-going basis. The Board papers provide sufficient background and explanatory information from the Management on financial impact, business strategies, risk analysis, regulatory implications and corporate issues to enable the directors to be properly briefed on issues to be considered at Board and Board Committee meetings. Such explanatory information may also be in the form of briefings to provide additional insights to the directors or formal presentations made by the Management in attendance at the meetings, or by external consultants engaged on specific projects. Requests for information from the Board are dealt with promptly by Management. Board interaction with, and independent access to, the Management are encouraged. Whenever necessary, management staff will be invited to attend the Board meetings and committee meetings to answer queries and provide detailed insights into their areas of operations. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed.
6.2 To include board papers and related materials, background or explanatory information relating to matters brought before the Board	The Board is provided with quarterly management reports, financial statements, cash flow projections, annual budgets and explanation on material variances from forecasts to enable the directors to oversee the Group's operational and financial performance. Directors are also informed on an on-going basis as and when there are significant developments or events relating to the Group's business operations. Proposals to the Board for decision or mandate sought by Management are in the form of memo or board papers that give the facts, analysis, resources needed, expected outcome, conclusions and recommendations, required to support the decision making process.
6.3 Directors to have access to Company Secretary; Role of Company Secretary	The Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board and board committees meetings of the Company. The Company Secretary also assists the Chairman and the Board to ensure that Board procedures are followed and that applicable rules and regulations (in particular the Code, Companies Act, Cap 50 and the Rules of Catalist) are complied with.
6.4 Appointment and removal of the Company Secretary should be a matter for the Board as a whole	The appointment and removal of the Company Secretary are subject to the Board's approval.
6.5 Procedure for directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense	The directors, whether as a group or individually, may seek or obtain legal and other independent professional advice, concerning any aspect of the Group's operations or undertakings in order to fulfill their roles and responsibilities as directors. The cost of obtaining such professional advice will be borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

7.1 RC to consist entirely of non-executive directors; Majority including RC Chairman should be independent	The RC currently comprises the following three members, all of whom (including the Chairman) are independent and non-executive directors: - Mr Chee Wai Pong (Chairman) - Dr Tan Eng Liang - Dr Ker Sin Tze
7.2 RC to recommend a framework of remuneration for the Board and key management personnel; Recommendations should be submitted for endorsement by the entire Board	The RC is regulated by its terms of reference. The duties of the RC include the following:- (a) to review and recommend to the Board:- (i) a framework of remuneration and to determine the specific remuneration packages for each of the executive directors/key management personnel; (ii) a framework of remuneration and specific remuneration packages for non-executive directors; and (iii) remuneration of 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'/Employees' Share Option Schemes or any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith; and (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. The Company sets remuneration packages to ensure it is competitive and sufficient to attract, retain and motivate Directors and key executives of the required experience and expertise to run the Group successfully. As part of its review, the RC shall ensure that : (a) all aspects of remuneration, including and not limited to director's fees, salaries, allowances, bonuses, options and benefits-in-kinds should be covered for each director and key executive; (b) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive directors' and key executives' performances; and (c) the remuneration package of employees related to executive directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities. No director is involved in deciding his/her own remuneration.
7.3 RC should seek expert advice, if necessary	Where necessary, the RC shall seek expert advice inside and/or outside the Company on remuneration of all directors.
7.4 RC to review Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service	The Company had entered into a service agreement ("**Service Agreement**") with the Executive Chairman, Mr Tjioe Ka Men. The Service Agreement may be terminated by not less than 6 months' notice in writing served by either party and does not contain onerous removal clauses. The termination clauses contained in contracts of service of the other executive director and key management personnel are fair and reasonable, and not overly generous.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

8.1 Appropriate proportion of remuneration package for executive directors and key management personnel to align with shareholders' interests and long-term success of the Company; it should take account of the risk policies of the Company; there should be appropriate and meaningful measures for the purpose of assessing executive directors and key management personnel's performance	In determining the level of remuneration, the RC shall: • give due consideration to the Code's principles and guidelines on the level and mix of remuneration so as to ensure that the level of remuneration is appropriate to attract, retain and motivate directors and key management personnel needed to run the Company successfully; • ensure that a proportion of the remuneration is linked to corporate and individual's performance; • ensure that the remuneration packages are designed to align interest of executive directors and key management personnel with those of shareholders and long-term success of the Company; and • take account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. Annual review are carried out by the RC to ensure that the remuneration of the executive directors and key management personnel commensurate with the Company's and their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Chairman is reviewed periodically by the RC and the Board. The Board will respond to any queries raised at AGMs pertaining to such policies. Accordingly, it is the opinion of the Board that there is no necessity for such policies to be approved by the shareholders.
8.2 Long term incentive schemes are generally encouraged	The Company does not have any employee share option scheme or other long-term incentive schemes for directors or key management personnel at the moment.
8.3 and 8.4 Remuneration for non-executive directors should be appropriate to level of contribution, effort, time spent and responsibilities; contractual provisions are encouraged to be used to allow Company to reclaim incentive components in exceptional circumstances	The non-executive directors do not have any service contracts. They are paid a basic fee and additional fees for serving on any of the Board Committees. The RC and Company ensures that the non-executive directors are not over-compensated to the extent that their independence is compromised. These fees are subject to approval by shareholders at the Annual General Meeting of the Company. At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company.

Principle 9: Disclosure on Remuneration

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

9.1, 9.2 and 9.3 Remuneration of directors and at least the top 5 key management personnel (who are not directors) should be reported to shareholders annually	The remuneration of each individual Director and key management personnel is however not fully disclosed as the Company believes that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in. **Directors' Remuneration** There are both fixed and variable components to executive directors' remuneration. The variable components are tied to Group performance. A breakdown showing the level and percentage mix of each individual director's remuneration paid/payable for FY16 are as follows:

	Remuneration Band	Salary & Fees %	Performance Related Income/ Bonuses %	Termination, Retirement and Post-employment benefits %	Other Benefits %	Total Remuneration %
Executive Directors						
Tjioe Ka Men	A	89	7	–	4	100
Tjioe Ka In	B	91	6	–	3	100
Non-Executive Directors						
Dr Tan Eng Liang	B	100	–	–	–	100
Dr Ker Sin Tze	B	100	–	–	–	100
Goi Seng Hui	B	100	–	–	–	100
Chee Wai Pong	B	100	–	–	–	100
Ng Siok Keow	B	100	–	–	–	100

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

	Top 5 Key Management Personnel The remuneration of top five key management personnel (who are not directors or the CEO of the Company) are set out below in bands of S$250,000. The names of the key management personnel and breakdown are not disclosed to maintain the confidentiality of the remuneration packages. No of Executives Below S$250,000 5 The aggregate total remuneration paid to or accrued to the top five key executives (who are not Directors or the CEO) amounted to S$700,000. No termination, retirement and post-employment benefits is granted to the top five key management personnel.
9.4 Disclose remuneration details of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year	One key management personnel of the Company, Mdm Tjioe Ka Lie, is the daughter of Zhou Yingnan, Deceased (substantial shareholder) and sister of Tjioe Ka Men (Executive Chairman) and Tjioe Ka In (Executive Director). Her remuneration is between S$100,000 and S$150,000 during FY16.
9.5 Details of employee share scheme	The Company does not have any employee share scheme.
9.6 Disclose information on the link between remuneration paid to the executive directors and key management personnel, and performance	Executive Directors and key management staff are paid discretionary bonus based on Group's results and individual performance. Such performance related remuneration is aligned with the interests of shareholders and promote the long-term success of the Company. It also takes into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of the risks. Executive Directors are currently not subject to performance target incentives. Certain key personnel are paid incentives based on achievement of targeted performance of their respective business units set at the beginning of the financial year. In setting the targets, due regards are given to the financial and commercial health and business needs of the Group. The Group has not implemented any share based compensation scheme or any long-term incentive schemes involving the offer of shares or grant of options in place or any other forms of deferred remuneration. In evaluating long-term incentives, the RC takes into consideration the costs and benefits of such schemes. The RC is of the view that the remuneration policy and amounts paid to the Directors and key personnel are adequate and are reflective of the present market conditions.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

10.1 and 10.2 Board's responsibility to provide balanced and understandable assessment of Company's performance, position and prospects; Board should take adequate steps to ensure compliance with legislative and regulatory requirements	The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders. The Board provides shareholders with half-year and annual financial reports. Half-year results are released to shareholders within 45 days of the end of the period. Annual results are released within 60 days of the financial year-end. In our financial result announcements to shareholders, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects. Price sensitive information will be publicly released via SGXNET, followed by press release and meeting with any group of investors or analysts (where appropriate). All announcements and the half-yearly and full year financial results are also uploaded in the Group's website at www.tunglok.com. The Board takes adequate steps to ensure compliance with legislative and statutory requirements, including requirements under the Rules of Catalist. The Board provides a negative assurance statement to the shareholders in its half-yearly financial statements announcements in accordance with Catalist Rule 705(5). For the financial year under review, the Executive Chairman and the Chief Financial Officer have provided assurance to the Board on the integrity of the Group's financial statements. The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls (including financial, operational compliance and information technology controls) systems in place.
10.3 Management should provide Board with management accounts on a monthly basis	Management provides the executive directors with monthly financial reports. Weekly meetings are conducted involving the senior management and the business units heads. Additional or ad-hoc meetings are conducted, when required. Management makes presentation to the Board on a quarterly basis on the financial performance of the Group.

Principle 11: Risk management and Internal Controls

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

11.1 Board should determine the Company's level of risk tolerance and risk policies, and oversee risk management and internal control systems	The Board acknowledges that it is responsible for the governance of risks. It oversees the Management in the design, implementation and monitoring of the risk management and internal control systems.

11.2 and 11.4 Board should, at least annually review the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology controls; Board may establish a separate board risk committee to oversee risk management framework and policies	The Group has in place a system of internal control and risk management policies and systems for ensuring proper keeping of accounting records and reliable financial information, as well as managing business risks with a view to safeguard shareholders' investments and the Company's assets. The risk management framework provides for systematic and structured review as well as reporting on the assessment of the degree of risk, evaluation and effectiveness of controls in place to mitigate the risk. Following the nomination of the ARC to assist the Board in its risk management role, the ARC reviews the adequacy of the Group's risk management framework to ensure that a robust risk management process, structure and framework is in place. The process of risk management is undertaken by the Executive Chairman and senior management under the purview of the ARC and the Board. During the financial year 2013, the Company, with the support from consultants, Ernst & Young Advisory Pte Ltd ("**Ernst & Young**"), has formalised a structured Enterprise Risk Management ("**ERM**") Framework to facilitate the Board in identifying and assessing key operational, financial, compliance and information technology risks with reference to the business goals, strategies and critical success factors of the Group. Under the ERM Framework, which is developed with reference to the ISO 31000:2009 Risk Management – Principles and Guidelines, Committee of Sponsoring Organisations of the Treadway Commission (COSO) Model and Risk Governance Guidance for Listed Board 2012, Management and executives of all levels are expected to constantly review the business operations and the operating environment to identify risk areas and ensure mitigating measures are promptly developed to minimise these risks. The ERM Framework outlines the Group's approach to managing enterprise-wide risks and sets out a systematic process for identifying, evaluating, monitoring, managing and reporting risks faced by the Group. Thus, it allows the Group to address the changes and the challenges in the business environment, reduce uncertainties and facilitates the shareholder value creation process on an ongoing basis. Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies, strategy as well as risk appetite. Management is accountable to the ARC for ensuring the effectiveness of risk management and adherence to risk appetite limits. On a day-to-day basis, business units have primary responsibility for risk management. The various business units provide senior management with a timely assessment of key risk exposures and the associated management responses. These units also recommend risk appetite and control limits.

	A risk monitoring, review and reporting framework has been established to deploy the ongoing monitoring tools and processes of the Group which includes monitoring of risk score changes, ongoing assessment of risk treatment action plans and quarterly ERM reporting to the ARC. Management reviews all significant control policies and procedures and highlights all significant matters to the ARC and the Board. The Group's risk factors and management are set out in the notes to the financial statements in this Annual Report. The Group has an in-house internal audit division. Biennially, the Group will engage an independent internal audit firm to independently review the Group's internal controls and practices. During FY16, the Company has appointed Foo Kon Tan Advisory Services Pte Ltd to carry out an independent internal audit review on the Group's key operational processes in Singapore based on the ARC approved internal audit plans. The Company's external auditors, Ernst & Young LLP, have also in the course of their annual audit carried out a review of the effectiveness of the Group's material internal controls over financial reporting as laid out in their audit plans. Any material non-compliance and internal control weakness noted during the audits and auditors' recommendations are reported to the ARC. The Company's in-house internal auditor follows up on the recommendations and monitors the timely and proper implementation of required corrective, preventive and improvement measures so as to strengthen the Group's internal controls and practices. The auditors have also evaluated the effectiveness of the financial, operational, compliance and information technology internal controls implemented to manage the identified risks based on the results of the ERM process executed.
11.3 Board's comment on the adequacy of the internal controls, including financial, operational, compliance and information technology controls and risk management systems in the Company's annual report	During the financial year, the ARC has reviewed the internal and external audit reports. Management has also taken appropriate and timely countermeasures to remedy the internal control weaknesses identified and sought ways to continuously improve the Group's internal control systems. Based on the reports submitted by the auditors, and the various management controls/ improvements put in place by Management, the Board with the concurrence of the ARC, is of the opinion that the Group's system of internal controls (addressing financial, operational, compliance and information technology controls, and risk management systems) maintained by the Management during FY16 are adequate and effective. While acknowledging their responsibility for the system of internal controls, the Board is aware that such a system is designed to minimise, rather than eliminate all risks, and therefore cannot provide an absolute assurance in this regard, or absolute assurance against the occurrence of occasional errors, poor judgment in decision making, fraud and irregularities. The Board has also received assurance from the Executive Chairman and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

Principle 12: Audit & Risk Committee

The Board should establish an ARC with written terms of reference which clearly set out its authority and duties.

12.1, 12.2 and 12.9 ARC should comprise at least three directors, all non-executive, and the majority of whom including the chairman, are independent; At least 2 members, including AC Chairman, should have recent and relevant accounting or related financial management expertise experience; A former partner or director of the Company's existing auditing firm should not act as a member of the ARC	The ARC comprises four (4) non-executive directors, majority of whom including the Chairman, are independent. The members of the ARC are:- - Dr Tan Eng Liang (Chairman) - Dr Ker Sin Tze - Mr Chee Wai Pong - Mr Goi Seng Hui The Board considers that the members of the ARC are qualified to discharge the responsibilities of the ARC as at least two members of the ARC, including the Chairman, have accounting or related financial management expertise or experience. Please refer to the profile in the Board of Directors Section of the Annual Report. None of the ARC's member was a former partner or director of the Company's existing auditing corporation.
12.3 ARC to have explicit authority to investigate and have full access to and co-operation by management, and reasonable resources to discharge its functions	The ARC is authorised by the Board to investigate into any activity within its terms of reference. It has unrestricted access to information relating to the Group, to both internal and external auditors and has full discretion to invite any director or executive officer to attend its meetings. The ARC has expressed power to commission investigations into any matter, which has or is likely to have material impact on the Group's operating results and/or financial position. The ARC has adequate resources to enable it to discharge its responsibilities properly.
12.4 Duties of ARC	The ARC is regulated by its terms of reference and meets at least two times a year and as warranted by circumstances, to perform the following functions:- (1) review significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any announcements relating to the Company's financial performance; (2) review with the internal and external auditors the audit plans and their evaluation of the systems of risk management and internal controls; (3) review the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors; (4) review the co-operation given by management and Group's officers to the external auditors; (5) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company or the Group's operating results or financial position and management's responses; (6) review the financial statements of the Group, external auditors' reports and the result announcements before submission to the Board for approval; (7) make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors; (8) review interested person transactions, if any, and potential conflict of interests;

	(9) review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial report or other matters and ensure that arrangements are in place for independent investigation of the same and for appropriate follow up actions; (10) oversee the Company's risk management systems, practices and procedures to ensure effectiveness of risk identification and management, and compliance with internal guidelines and external requirements; and (11) review the adequacy and effectiveness of the Group's material internal controls (compliance, financial, operational and information technology) and risk management policies and systems, as well as the effectiveness of the Group's internal audit function. Minutes of the ARC meetings are submitted to the Board for its information and review.
12.5 ARC to meet internal and external auditors, without presence of Management, at least annually	For FY16, the ARC met once each with the external auditors, Messrs Ernst & Young LLP ("**EY**") and independent internal auditors, Foo Kon Tan Advisory Services Pte Ltd, without the presence of the Management for the purpose of facilitating discussion of the responses by Management on audit matters. The ARC has reviewed the findings of the auditors and the assistance given to the auditors by Management.
12.6 ARC to review independence of external auditors annually	The ARC has received the requisite information from the external auditors evidencing the latter's independence. The ARC has noted that there are no non-audit related work carried out by the external auditors during FY16 and is satisfied with the independence and objectivity of the external auditors. The audit fees paid to the external auditors of the Company for FY16 was approximately S$201,000. There was no non-audit fee paid to the external auditors. The ARC is satisfied with the independence and objectivity of EY and has recommended to the Board that EY be nominated for re-appointment as external auditors at the forthcoming AGM. The Group has complied with Rules 712 and 715 of the Rules of Catalist in relation to the external auditors.
12.7 ARC to review arrangements for staff to raise concerns about possible improprieties to ARC	The Group has in place, a whistle-blowing policy where employees of the Group and any other persons may, in confidence, raise concerns about possible improprieties. Such a policy serves to encourage and provide a channel for staff to report in good faith and without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the Chairman of ARC, Executive Chairman or the Head of Human Resource. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action to be taken. Details of the whistle-blowing policies and arrangements have been made available to all employees. The public, our customers and other stakeholders can also report possible improprieties or provide other feedbacks through the Company's website at www.tunglok.com. The Management reviews each correspondence received and escalates to the Executive Chairman or Chairman of ARC on any instances of potential improprieties. Independent investigations will be conducted and follow-up actions taken, if warranted.

12.8 Disclose the details of the ARC's activities and measures taken to keep abreast of changes to accounting standards and issues	The ARC is guided by the terms of reference which stipulate its principal functions. The Company will arrange to send the ARC members to seminars on updates of Financial Reporting Standards (FRS), if required. The external auditors provides regular updates and briefings to the ARC on changes or amendments to accounting standards to enable the members of the ARC to keep abreast of such changes and its corresponding impact on the financial statements, if any. In review of the financial statements for FY16, the ARC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore FRS in all material aspects.

Principle 13: Internal Audit

The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

13.1, 13.2 and 13.3 IA function to report to ARC chairman, and to CEO administratively; ARC to ensure IA function is adequately resourced; IA function is staffed with persons with relevant qualifications and experience	The Company has an in-house internal audit team that primarily reports to the Chairman of the ARC, and also to the Chief Financial Officer on administrative matters. The ARC reviews and approves the hiring of internal auditors ("**IA**"), internal audit plans, resources and reports, and the internal audit fees. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC. Biennially, the Group will outsource its internal audit function to an independent auditing firm for independent review on internal controls and practices. The engagement of the auditing firm is subject to ARC approval. The ARC has full access to and the cooperation of the Management and internal auditors, and ensures that the internal audit function is adequately resourced, staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Company to perform its function.
13.4 and 13.5 Internal auditor should carry out its function according to standards set by nationally or internationally recognized professional bodies; ARC should, at least annually, review the adequacy and effectiveness of the internal audit function	An annual review of the in-house and outsourced internal audit functions is carried out. The ARC ensures, amongst others, the adequacy and effectiveness of the internal audit functions by examining the fees and independence of the IA, the scope of work, the quality of the reports, resources as mentioned earlier and that the internal auditors carried out its function according to standards set by internationally recognized professional bodies.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitable, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

14.1, 14.2 and 14.3 Company should facilitate the exercise of ownership rights by all shareholders; Ensure all shareholders have the opportunity to participate and vote; Allow corporations which provide nominee or custodial services to appoint more than two proxies	The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. The Group is committed to provide shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price. The Group strongly encourages shareholder participation during the AGM which will be held in a central location in Singapore, where relevant rules and procedures governing the meetings are clearly communicated. Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business related matters. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company will conduct poll voting for all resolutions tabled at the general meetings. The Company's Constitution allows corporation holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors ("**Relevant Intermediaries**") to appoint more than two proxies to vote at the general meetings.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

15.1 and 15.2 Company to regularly convey pertinent information to shareholders; information should be disclosed on timely basis	The Board is mindful of the obligation to keep shareholders informed of all major developments that affect the Group in accordance with the Rules of Catalist. Price sensitive information is publicly released via SGXNET. Information is communicated to shareholders on a timely and non-selective basis through: • annual reports that are prepared and issued to all shareholders within the mandatory period; • half-year and full-year financial statements containing a summary of the financial information and affairs of the Group for the period, released via SGXNET; • public announcements via SGXNET; • press releases on major developments; • Company's corporate website at www.tunglok.com at which shareholders can access information on the Group; and • notices of shareholders' meetings advertised in a newspaper in Singapore.

15.3 and 15.4 Board should establish and maintain regular dialogue with shareholders; steps to be taken to solicit and understand shareholders' views	To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. At these meetings, shareholders are given the opportunity to voice their views and raise issues either formally or informally. These meetings provide excellent opportunities for the Board to engage with shareholders to solicit their feedback. In addition, the Company has engaged WeR1 Consultants Pte Ltd to address any queries that the investors, analysts, press or public might have on the Company's affairs. The investor relations team can be reached at info@wer1.net. The Company's website at www.tunglok.com is another channel to solicit and understand the views of the shareholders.
15.5 Companies are encouraged to have a dividend payment policy	The Board does not have a fixed dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit, growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth, general business condition, and other factors as the Board may deem appropriate. No dividend is declared for FY16 in order to conserve and build capital. Any dividend payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results.

Principle 16: Conduct of shareholder meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

16.1, 16.3 and 16.4 Shareholders have the opportunity to participate and vote at general meetings; All directors should attend general meetings; minutes are available to shareholders upon request	All shareholders will receive the Annual Report and the notice of any general meetings. Notice of AGM is dispatched to shareholders together with explanatory notes or circular on items of special business (if necessary), at least 14 days before the meeting. At the AGM, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors including the chairman of each of the Board committees. The Management and the external auditors are also present to assist the Directors in addressing any relevant queries from the shareholders. Shareholders are encouraged to attend the AGM of the Company to ensure a high level of accountability and to stay informed of the Company's strategy and goals. If the shareholders are unable to attend the meetings, the Constitution of the Company allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Relevant Intermediaries are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to different shares held by the member. Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and Management. These minutes would be available to shareholders upon their request.
16.2 and 16.5 Separate resolutions on each substantially separate issue; Resolutions to vote by poll	Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each separate issue at the meeting. The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the Rules of Catalist and the Code. All resolutions at the Company's general meetings held on or after 1 August 2015 are put to vote by poll. The detailed results of each resolution showing the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET after the general meetings.

Internal code on Dealing in Securities

Catalist Rule1204 (19)	In line with Catalist Rule 1204(19), the Company has adopted an internal Code of Dealing in Securities by Officers of the Company. All Directors and officers of the Group are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-year and full year results and ending on the date of the announcement of the relevant results. In addition, all Directors and officers of the Group are required to observe insider trading laws at all times and are prohibited from dealing with the Company's shares whilst in possession of unpublished price-sensitive information of the Group. They should also not deal in the Company's securities on short-term considerations.

Material Contracts

Catalist Rule 1204 (8)	Save for the interested persons transactions as disclosed in this Annual Report, there are no material contracts of the Company or its subsidiaries involving the interest of the Chief Executive Officer, each director or controlling shareholder subsisting at the end of FY16 or have been entered into since the end of the previous financial year except for subsidiaries that have entered into rental contracts with our controlling shareholders as announced by the Company on 30 November 2015, 8 January 2016 and 10 February 2016.

Interested Person Transaction (IPT) Policy

Catalist Rule 907	The Company adopted an internal policy in respect of any transactions with interested persons and has established procedures for review and approval of the interested person transactions entered into by the Group. The ARC has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and not prejudicial to the interests of the Company and minority shareholders. The aggregate value of interested person transactions for FY16 are as follows:-

Name of Interested Person and Transactions	Aggregate value of all interested person transactions during FY16 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions during FY16 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
T & T Gourmet Cuisine Pte Ltd - Sale of food items to Tee Yih Jia Manufacturing Pte Ltd	–	1,371
T & T Gourmet Cuisine Pte Ltd - Sale of food items to Chinatown Food Corporation Pte Ltd	–	11
T & T Gourmet Cuisine Pte Ltd - Purchase of food items from Tee Yih Jia Food Manufacturing Pte Ltd	–	12
Tung Lok Group - Purchase of food items from Tee Yih Jia Food Manufacturing Pte Ltd	–	104
Tung Lok Group - Purchase of food items from Chinatown Food Corporation Pte Ltd	–	52
Tung Lok Group - Purchase of food items from T & T Gourmet Cuisine Pte Ltd	–	100
Tung Lok Group - Purchase of mooncakes from T & T Gourmet Cuisine Pte Ltd	–	431
Tee Yih Jia Manufacturing Pte Ltd - Purchase of mooncakes from Tung Lok Group	–	24
Tung Lok Group – Sale of catering food and services to Far East Orchard Limited	40	–
Tung Lok Group – Sale of catering food and services to hotels related to a substantial shareholder	274	–
Orchard Central Pte Ltd *	1,210	–
Far East Hospitality Real Estate Investment Trust *	3,150	–
Riverhub Pte Ltd *	1,780	–

The Group confirms that there were no other discloseable interested person transactions during FY16 pursuant to Catalist Rule 907.

** These refer to IPTs that are categorised as transactions under Catalist Rule 916(1), which are in connection with leases of certain commercial units owned by related companies of our controlling shareholder, Goodview Properties Pte. Ltd. Please refer to announcements dated 30 November 2015, 8 January 2016 and 10 February 2016.*

Use of Proceeds from Rights Issue

On 25 August 2014, the Company issued 78,400,000 new ordinary shares in the issued and paid-up share capital of the Company pursuant to a renounceable and non-underwritten rights issue of up to 78,400,000 new ordinary shares ("**Rights Shares**") in the issued share capital of the Company ("**Rights Issue**") at an issue price of S$0.12 for each Rights Share on the basis of two (2) Rights Shares for every five (5) existing shares then held by shareholders as based on the terms and conditions of the Offer Information Statement dated 29 July 2014 issued by the Company. Net proceeds of S$9.3 million were raised from the Rights Issue.

As announced by the Company in its announcements dated 1 October 2014 and 25 August 2015, the net proceeds raised from the Rights Issue have been utilized by way of grant of loans amounting to S$6.0 million to a wholly owned subsidiary to provide additional working capital to repay its trade owings and monthly bank indebtedness as well as to finance the set-up of one outlet and renovation of two existing outlets in Singapore. Usage of the net proceeds raised from the Rights Issue is consistent with the intended use as disclosed in the Offer Information Statement dated 29 July 2014.

The unutilised net proceeds from Rights Issue approximates S$3.3 million as of 31 March 2016.

Sponsorship

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company during FY16 is SAC Capital Private Limited (the "**Sponsor**"). There is no non-sponsor fee paid to the Sponsor.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Tung Lok Restaurants (2000) Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2016.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Tjioe Ka Men
Tjioe Ka In
Tan Eng Liang (Dr)
Ker Sin Tze (Dr)
Goi Seng Hui
Chee Wai Pong
Ng Siok Keow

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of the year	**At end of the year**	**At beginning of the year**	**At end of the year**
Ordinary shares				
The Company				
Tjioe Ka Men	442,960	442,960	107,170,840	107,170,840
Tjioe Ka In	105,840	105,840	104,272,000	104,272,000
Goi Seng Hui	–	–	49,975,280	49,975,280

Directors' interests in shares and debentures (cont'd)

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2016.

Except as disclosed above, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share options

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

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

(c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

Audit and Risk Committee

The Audit and Risk Committee ("ARC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the internal and external auditors
- Reviewed the half-yearly and annual announcements on the results and balance sheets of the Company and the Group
- Reviewed annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

Audit and Risk Committee (cont'd)

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the ARC to the board of directors with such recommendations as the ARC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The ARC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The ARC convened four meetings during the financial year and met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Corporate Governance Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Tjioe Ka Men
Director

Tjioe Ka In
Director

Singapore
17 June 2016

Report on the financial statements

We have audited the accompanying financial statements of Tung Lok Restaurants (2000) Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 38 to 95, which comprise the balance sheets of the Group and the Company as at 31 March 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

17 June 2016

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	2016 $	2015 $
Revenue	4	86,064,974	84,985,261
Cost of sales		(23,933,717)	(24,201,516)
Gross profit		62,131,257	60,783,745
Other operating income	5	3,064,788	5,998,592
Administrative expenses		(31,491,918)	(31,796,176)
Other operating expenses	6	(33,444,115)	(36,462,166)
Share of profit of joint venture	17	286,044	655,861
Share of profit of associates	18	334	67,552
Finance costs	7	(246,784)	(256,657)
Profit/(loss) before tax		299,606	(1,009,249)
Income tax benefit	8	682,092	456,482
Profit/(loss) for the year	9	981,698	(552,767)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations representing other comprehensive income for the year, net of tax		207,477	(119,001)
Total comprehensive income for the year		1,189,175	(671,768)
Profit/(loss) attributable to:			
Owners of the Company		611,231	574,172
Non-controlling interests		370,467	(1,126,939)
		981,698	(552,767)
Total comprehensive income attributable to:			
Owners of the Company		771,605	466,072
Non-controlling interests		417,570	(1,137,840)
		1,189,175	(671,768)
Earnings per share (cents)			
Basic	10	0.22	0.23
Diluted	10	0.22	0.23

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The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2016

	Note	Group		Company	
		2016	2015	2016	2015
		$	$	$	$
ASSETS					
Current assets					
Cash and bank balances	11	14,024,952	15,254,490	3,321,030	6,315,325
Trade receivables	12	1,784,366	2,193,137	–	–
Other receivables and prepayments	13	1,153,325	690,405	77,718	734,921
Inventories	14	2,284,368	2,329,016	–	–
Total current assets		19,247,011	20,467,048	3,398,748	7,050,246
Non-current assets					
Other receivables and prepayments	13	899,265	641,383	–	–
Long-term security deposits	15	1,625,401	1,495,494	–	–
Interests in subsidiaries	16	–	–	16,566,046	12,924,195
Joint venture	17	1,076,696	790,652	–	–
Associates	18	716,759	716,425	–	–
Available-for-sale investments	19	16,000	16,000	–	–
Property, plant and equipment	20	12,051,572	13,955,352	–	–
Goodwill	21	–	–	–	–
Deferred tax assets	26	318,131	–	–	–
Total non-current assets		16,703,824	17,615,306	16,566,046	12,924,195
Total assets		35,950,835	38,082,354	19,964,794	19,974,441
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	22	3,362,408	3,660,296	–	–
Other payables	23	9,111,025	10,146,805	562,761	671,311
Finance leases	24	213,815	170,670	–	–
Bank loans	25	538,056	2,018,496	–	–
Income tax payable		21,485	19,029	–	–
Total current liabilities		13,246,789	16,015,296	562,761	671,311
Net current assets		6,000,222	4,451,752	2,835,987	6,378,935

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BALANCE SHEETS
As at 31 March 2016

	Note	Group		Company	
		2016	2015	2016	2015
		$	$	$	$
Non-current liabilities					
Other payables	23	4,216,819	4,254,211	–	–
Finance leases	24	432,296	409,132	–	–
Bank loans	25	2,738,174	3,230,880	–	–
Deferred tax liabilities	26	–	17,916	–	–
Total non-current liabilities		7,387,289	7,912,139	–	–
Total liabilities		20,634,078	23,927,435	562,761	671,311
Net assets		15,316,757	14,154,919	19,402,033	19,303,130
Capital, reserves and non-controlling interests					
Share capital	27	28,450,434	28,450,434	28,450,434	28,450,434
Currency translation reserve		(49,157)	(209,531)	–	–
Accumulated losses		(11,628,953)	(12,240,184)	(9,048,401)	(9,147,304)
Equity attributable to owners of the Company		16,772,324	16,000,719	19,402,033	19,303,130
Non-controlling interests		(1,455,567)	(1,845,800)	–	–
Net equity		15,316,757	14,154,919	19,402,033	19,303,130
Total liabilities and equity		35,950,835	38,082,354	19,964,794	19,974,441

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group	Share capital $	Currency translation reserve $	Accumulated losses $	Attributable to equity owners of the Company $	Non-controlling interests $	Total $
At 1 April 2015	28,450,434	(209,531)	(12,240,184)	16,000,719	(1,845,800)	14,154,919
Profit for the year	–	–	611,231	611,231	370,467	981,698
<u>Other comprehensive income</u>						
Foreign currency translation representing other comprehensive income for the year, net of tax	–	160,374	–	160,374	47,103	207,477
Total comprehensive income for the year, net of tax	–	160,374	611,231	771,605	417,570	1,189,175
<u>Contributions by and distributions to owners</u>						
Dividends paid to non-controlling interests in subsidiaries	–	–	–	–	(265,326)	(265,326)
Fair value adjustment on interest-free loans from non-controlling interests in subsidiaries	–	–	–	–	237,989	237,989
Total transactions with owners in their capacity as owners	–	–	–	–	(27,337)	(27,337)
At 31 March 2016	28,450,434	(49,157)	(11,628,953)	16,772,324	(1,455,567)	15,316,757

Group	Note	Share capital $	Currency translation reserve $	Accumulated losses $	Attributable to equity owners of the Company $	Non-controlling interests $	Total $
At 1 April 2014		19,142,045	41,576	(12,814,356)	6,369,265	(2,744,737)	3,624,528
Profit/(loss) for the year		–	–	574,172	574,172	(1,126,939)	(552,767)
<u>Other comprehensive income</u>							
Foreign currency translation representing other comprehensive income for the year, net of tax		–	(108,100)	–	(108,100)	(10,901)	(119,001)
Total comprehensive income for the year, net of tax		–	(108,100)	574,172	466,072	(1,137,840)	(671,768)
<u>Contributions by and distributions to owners</u>							
Dividends paid to non-controlling interests in subsidiaries		–	–	–	–	(272,000)	(272,000)
Fair value adjustment on interest-free loans from non-controlling interests in subsidiaries		–	–	–	–	142,214	142,214
Issue of share capital	27	9,408,000	–	–	9,408,000	–	9,408,000
Share issue expenses	27	(99,611)	–	–	(99,611)	–	(99,611)
Total contributions by and distributions to owners		9,308,389	–	–	9,308,389	(129,786)	9,178,603
<u>Changes in ownership interests in subsidiaries</u>							
Disposal of subsidiary, representing total changes in ownership interests in subsidiaries		–	(143,007)	–	(143,007)	2,166,563	2,023,556
Total transactions with owners in their capacity as owners		9,308,389	(143,007)	–	9,165,382	2,036,777	11,202,159
At 31 March 2015		28,450,434	(209,531)	(12,240,184)	16,000,719	(1,845,800)	14,154,919

Company	Note	Share capital	Accumulated losses	Total
		$	$	$
At 1 April 2014		19,142,045	(8,431,123)	10,710,922
Loss for the year, representing total comprehensive income for the year		–	(716,181)	(716,181)
Contributions by and distributions to owners				
Issue of share capital	27	9,408,000	–	9,408,000
Share issue expenses	27	(99,611)	–	(99,611)
Total transactions with owners in their capacity as owners		9,308,389	–	9,308,389
At 31 March 2015 and 1 April 2015		28,450,434	(9,147,304)	19,303,130
Profit for the year, representing total comprehensive income for the year		–	98,903	98,903
At 31 March 2016		28,450,434	(9,048,401)	19,402,033

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2016

	2016 $	2015 $
Operating activities		
Profit/(loss) before tax	299,606	(1,009,249)
Adjustment for:		
Allowance for doubtful debts due from a former subsidiary (Note 16(C))	–	2,469,028
Trade bad debts written off	–	4,616
Allowance for doubtful debts	110,486	–
Share of profit of joint venture	(286,044)	(655,861)
Share of profits of associates	(334)	(67,552)
Depreciation of property, plant and equipment	4,388,154	5,028,468
Interest income	(46,887)	(176,831)
Interest expense	246,784	256,657
Dividend income from an available-for-sale investment	(69,230)	(63,338)
Gain on disposal of property, plant and equipment	–	(101,717)
Write-off of property, plant and equipment	23,581	–
Foreign exchange loss/(gain)	148,037	(109,347)
Recovery of doubtful debts previously provided	–	(253,945)
Gain on disposal of a subsidiary (Note 16(C))	–	(2,204,597)
Operating cash flows before changes in working capital	4,814,153	3,116,332
Changes in working capital:		
Decrease in trade receivables	330,760	47,525
(Increase)/decrease in other receivables and prepayments	(490,233)	641,298
Decrease/(increase) in inventories	37,645	(269,396)
(Increase)/decrease in long-term security deposits	(142,920)	4,015
Decrease in trade payables	(198,178)	(1,427,627)
Decrease in other payables	(170,625)	(1,202,857)
Cash flows from operations	4,180,602	909,290
Interest paid	(162,098)	(187,714)
Interest received	21,530	10,065
Income tax refund	447,425	344,922
Net cash flows from operating activities	4,487,459	1,076,563
Investing activities		
Dividends received from an available-for-sale investment	69,230	63,338
Proceeds from disposal of property, plant and equipment	–	103,445
Purchase of property, plant and equipment (Note A)	(2,599,685)	(3,294,638)
Advance payment for capital expenditures (Note A)	(364,584)	–
Dividend received from an associate	–	80,000
Net cash outflow on disposal of a subsidiary (Note 16(C))	–	(48,361)
Net cash flows used in investing activities	(2,895,039)	(3,096,216)

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	2016	2015
	$	$
Financing activities		
Advances from non-controlling interests in subsidiaries	25,000	400,000
Dividends paid to non-controlling interests in subsidiaries (Note B)	(507,326)	(290,000)
Repayment of loan from corporate shareholders	(133,320)	(133,000)
Repayment of bank loans	(1,973,146)	(3,399,619)
Repayment of obligations under finance leases	(229,691)	(172,333)
Rights issue net of issue expenses	–	9,308,389
Net cash flows (used in)/from financing activities	(2,818,483)	5,713,437
Net (decrease)/increase in cash and bank balances	(1,226,063)	3,693,784
Cash and bank balances at the beginning of the financial year	15,254,490	11,712,938
Effect of foreign exchange rate changes	(3,475)	(152,232)
Cash and bank balances at the end of the financial year (Note 11)	14,024,952	15,254,490

Note A:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $2,572,611 (2015: $2,016,458) of which $105,978 (2015: $107,371) relates to provision for reinstatement costs of premises, $296,000 (2015: $347,600) was acquired under finance lease arrangements and $34,169 (2015: $463,221) remains unpaid at the end of the reporting period. Cash payments of $2,599,685 (2015: $3,294,638) were made to purchase property, plant and equipment. In addition, an advance payment of S$364,584 (2015: $Nil) was made for capital expenditures.

Note B:

During the financial year, the Group declared dividends amounting to $265,326 (2015: $272,000) to non-controlling interests in subsidiaries of which $30,000 (2015: $272,000) remains unpaid at the end of the reporting period.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Tung Lok Restaurants (2000) Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board ("Catalist") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Its principal place of business at 26 Tai Seng Street, #02-01, Singapore 534057 and its registered office is at 1 Sophia Road, #05-03 Peace Centre, Singapore 228149.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

2. Summary of significant accounting policies

2.1 ***Basis of preparation***

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$").

2.2 ***Changes in accounting policies***

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

Description	*Effective for annual periods beginning on or after*
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entity: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 Clarifications to FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 ***Basis of consolidation and business combinations***

(a) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(a) **Basis of consolidation (cont'd)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) **Business combinations and goodwill**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) **Business combinations and goodwill (cont'd)**

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.6 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) **Transactions and balances**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency (cont'd)***

(b) **Consolidated financial statements**

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.8 ***Associates and joint ventures***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Summary of significant accounting policies (cont'd)

2.9 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.10 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.11 ***Financial instruments***

(a) **Financial assets**

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 ***Financial instruments (cont'd)***

(b) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) **Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

2. Summary of significant accounting policies (cont'd)

2.12 ***Impairment of financial assets (cont'd)***

(a) **Financial assets carried at amortised cost (cont'd)**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

(b) **Financial assets carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) **Available-for-sale financial assets**

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.13 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand which are subject to an insignificant risk of changes in value.

2.14 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.15 ***Leases***

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

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 ***Inventories***

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

2.17 ***Customer loyalty programme***

This relates to loyalty points redeemable by cardholders during the valid redemption period at the Group's restaurants. Revenue is recognised when the loyalty points are redeemed.

2.18 ***Government grants***

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Where the grant relates to an asset, the fair value is recognised as against the carrying amount of the asset on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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

2. Summary of significant accounting policies (cont'd)

2.19 ***Financial guarantee***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.20 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) **Sale of food and beverages**

Revenue from sale of food and beverages is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of the food and beverages. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) **Service charges**

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

(c) **Service income**

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

(d) **Management fees**

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

(e) **Interest income**

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

(f) **Dividend income**

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

2. Summary of significant accounting policies (cont'd)

2.21 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 ***Employee benefits***

(a) **Defined contribution plans**

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

(b) **Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.23 ***Taxes***

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting periods, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.23 ***Taxes (cont'd)***

(b) **Deferred tax (cont'd)**

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2. Summary of significant accounting policies (cont'd)

2.24 ***Fair value of assets and liabilities***

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.25 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 ***Reportable segment***

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Company's accounting policies

There are no critical judgements made by management at the end of the reporting period that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

(a) Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of these subsidiaries. The value in use calculation requires the management to estimate the future cash flows expected from the cash-generating unit and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverable amount of those investments based on such estimates. The carrying amounts of these investments at the end of the reporting period are stated in Note 16 to the financial statements.

The key assumptions used in value in use calculation are as follows:

(i) Discount rate of 9.0% to 11.5%

(ii) Sales growth rate of 1% to 28%

If the estimated discount rate used in the calculation had increased by 0.5%, the carrying amount of investment in subsidiaries would have been $54,000 lower. If the estimated sales growth rate had dropped by 0.5%, the carrying amount of investment in subsidiaries would have been $57,000 lower.

(b) Impairment of property, plant and equipment

Determining whether property, plant and equipment is impaired requires an estimation of the value in use. The value in use calculation requires the management to estimate future cash flows and a suitable discount rate in order to calculate the present value of the cash flows. The carrying amount of property, plant and equipment at the end of the reporting period is $12,051,572 (2015: $13,955,352) as set out in Note 20 to the financial statements.

The key assumptions are disclosed in Note 20. If the estimated discount rate used in the calculation had been 0.5% higher, the carrying amount of property, plant and equipment would have been $15,000 lower. If the estimated sales growth rate had been 0.5% lower than management's estimate, the carrying amount of property, plant and equipment would have been $77,000 lower.

4. Revenue

	Group	
	2016	2015
	$	$
Sale of food and beverages	78,398,423	78,477,275
Service charges	6,932,261	6,035,826
Management fees	734,290	472,160
Total	86,064,974	84,985,261

5. Other operating income

	Group	
	2016	2015
	$	$
Credit from various government schemes	1,000,927	598,264
Sundry income from promotional events	836,874	1,025,844
Catering service income	741,421	559,337
Service income	95,172	117,429
Government grant	76,619	179,039
Interest income from:		
Cash at bank	21,530	10,065
Related parties (Note 28)	25,357	166,766
Dividend income from available-for-sale investment	69,230	63,338
Gain on disposal of a former subsidiary (Note 16(C))	–	2,204,597
Foreign exchange gain	–	109,347
Gain on disposal of property, plant and equipment	–	101,717
Recovery of doubtful debts previously provided (Note 12)	–	253,945
Others	197,658	608,904
Total	3,064,788	5,998,592

6. Other operating expenses

	Group	
	2016	2015
	$	$
Rental expense	12,867,331	12,842,757
Depreciation	4,388,154	5,028,468
Utilities charges	3,939,833	4,874,127
Repair and maintenance	4,552,535	4,423,976
Commission expense	2,167,688	2,092,689
Advertising and promotions	741,689	601,572
Professional fees	627,402	535,410
Utensils	350,515	404,021
Entertainment expense	230,179	322,220
Printing expense	317,249	292,995
Decorations	235,881	235,152
Allowance for doubtful debts due from a former subsidiary (Note 16(C))	–	2,469,028
Trade bad debts written off	–	4,616
Allowance for doubtful debts	110,486	–
Write-off of property, plant and equipment	23,581	–
Foreign exchange loss	148,037	–
Others	2,743,555	2,335,135
Total	33,444,115	36,462,166

7. Finance costs

	Group	
	2016	2015
	$	$
Interest on:		
Bank loans	138,250	164,033
Obligations under finance leases	31,058	23,681
Shareholders' loans	77,476	68,943
Total	246,784	256,657

8. Income tax benefit

(a) Major components of income tax benefit

The major components of income tax benefit for the years ended 31 March 2016 and 2015 are:

	Group	
	2016	2015
	$	$
Current tax benefit	(346,045)	(387,355)
Deferred tax credit:		
- Utilisation of previously unrecognised deferred tax assets	(570,728)	(708,195)
- Origination and reversal of temporary differences	234,681	639,068
	(336,047)	(69,127)
Income tax benefit recognised in profit or loss	(682,092)	(456,482)

(b) Relationship between tax benefit and accounting profit/(loss)

The reconciliation between tax benefit and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 March 2016 and 2015 is as follows:

	Group	
	2016	2015
	$	$
Profit/(loss) before tax	299,606	(1,009,249)
Income tax expense/(benefit) calculated at 17% (2015: 17%)	50,933	(171,572)
Adjustments:		
Tax effect on the share of results of a joint venture and associates which is shown after tax	(48,684)	(122,980)
Non-deductible expenses	530,885	414,544
Utilisation of deferred tax assets previously not recognised	(570,728)	(708,195)
Effect of unused tax losses and other temporary differences not recognised as deferred tax assets	114,456	791,122
Effect of different tax rate of subsidiary operating in other jurisdiction	(50,269)	(178,042)
Tax exempted income	(54,236)	(33,410)
Effect under Productivity and Innovation Credit Scheme	(629,456)	(440,700)
Corporate income tax rebate	(24,993)	(7,249)
Income tax benefit recognised in profit or loss	(682,092)	(456,482)

Domestic income tax benefit is calculated at 17% (2015: 17%) of the estimated assessable profit/(loss) for the year. Taxation for other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

The Company and its subsidiaries in Singapore enjoy deduction/allowances at 400% of eligible expenses up to a limit of its expenditure per year under the enhanced Productivity and Innovation Credit ("PIC") Scheme as announced in Budget 2014 and 2013.

8. Income tax benefit (cont'd)

(c) Unrecognised tax losses and other temporary differences

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

	Group 2016	Group 2015
	$	$
(a) Tax losses carry forward		
At the beginning of the financial year	8,559,411	11,846,188
Adjustment to prior year	(594,068)	(1,425,238)
Amount in current year	(2,450,903)	3,055,576
De-consolidation of subsidiary	–	(4,917,115)
At the end of the financial year	5,514,440	8,559,411
Deferred tax benefit not recorded	937,455	1,455,100
(b) Other temporary differences		
At the beginning of the financial year	2,636,991	4,276,059
Adjustment to prior year	537,307	928,710
Amount in current year	(233,049)	(2,567,778)
At the end of the financial year	2,941,249	2,636,991
Deferred tax benefit not recorded	500,012	448,288

The above tax losses carry forward and other temporary differences are subject to agreement with the tax authorities in Singapore and in the jurisdiction in which the Group operates. In addition, the Singapore tax losses carry forward and other temporary differences are subject to the retention of majority shareholders as defined and have no expiry date. The amounts of unutilised tax losses with expiry dates are set out below:

	Group 2016		Group 2015	
	$	Expiry date	$	Expiry date
Unrecognised tax losses	226,852	31 Mar 2018	159,864	31 Mar 2016
	1,278,852	31 Mar 2019	226,852	31 Mar 2018
	719,569	31 Mar 2020	1,278,852	31 Mar 2019
	403,365	31 Mar 2021	719,569	31 Mar 2020

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

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9. Profit/(loss) for the year

Profit/(loss) for the year has been arrived at after charging:

	Group	
	2016	**2015**
	$	$
Staff costs (including directors' remuneration) [a]	26,858,371	26,810,292
Cost of defined contribution plans (included in staff costs)	2,176,501	2,030,237
Cost of inventories recognised as expense	23,933,717	24,201,516
Audit fees:		
- Auditors of the Company	201,000	196,000
- Other auditors	30,000	19,602
Directors' remuneration (excluding directors' fees):		
- of the Company	458,716	449,749
- of the subsidiaries	444,581	446,957
Directors' fees	173,000	173,000

[a] Included in administrative expenses.

10. Earnings per share

In the previous financial year, the Company issued and allocated 78,400,000 new ordinary shares in the share capital of the Company ("Rights Issue") pursuant to a renounceable and non-underwritten rights issue on the basis of two rights shares for every five existing ordinary shares of the Company. The rights shares were offered at $0.12 per share and represented a discount to the fair value of existing shares.

	Group	
	2016	**2015**
	$	$
Earnings per share is based on:		
Profit attributable to ordinary shareholders	611,231	574,172
	2016	**2015**
	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share*	274,400,000	249,929,534
Earnings per share (cents)	0.22	0.23

* Adjusted for the Rights Issue.

11. Cash and bank balances

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Cash at bank	12,906,760	15,101,639	3,321,030	6,315,325
Cash on hand	118,192	152,851	–	–
Short-term deposit	1,000,000	–	–	–
Total	14,024,952	15,254,490	3,321,030	6,315,325

Short-term deposit is made for three months (2015: Nil) with effective interest rate of 1.18% (2015: Nil) per annum. The carrying amounts of these assets approximate their fair values.

12. Trade receivables

	Group	
	2016	2015
	$	$
Related parties	533,560	522,611
Less: Allowance for doubtful debts – A related party	(231,574)	(205,797)
Sub total	301,986	316,814
Outside parties	1,533,705	1,876,323
Less: Allowance for doubtful debts – Outside parties	(51,325)	–
Sub total	1,482,380	1,876,323
Total	1,784,366	2,193,137

The average credit term on sale of goods is 30 days (2015: 30 days). No interest is charged on the outstanding balance.

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounting to $624,933 (2015: $928,245) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2016	2015
	$	$
<3 months	521,305	704,766
3 months to 6 months	56,079	44,905
6 months to 12 months	47,549	98,483
>12 months	–	80,091
Total	624,933	928,245

12. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2016	**2015**
	$	$
Trade receivables – nominal amounts	282,899	205,797
Less: Allowance for impairment	(282,899)	(205,797)
	–	–

Movement in the allowance for doubtful debts

At the beginning of the financial year	205,797	310,297
Charge for the year for a former subsidiary (Note 16(C))	–	205,797
Charge for the year	77,102	–
Written off during the year	–	(56,352)
Allowance recovered during the year (Note 5)	–	(253,945)
At the end of the financial year	282,899	205,797

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

Management has assessed the past due debts and noted that as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Included in the Group's trade receivables are debtors with a carrying amount of $907,832 (2015: $1,134,042) which are past due at the end of the reporting period for which the Group has provided $282,899 (2015: $205,797) for impairment, mainly pertaining to a former subsidiary that has suffered significant financial losses.

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

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13. Other receivables and prepayments

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Other receivables and prepayments (current)				
Dividend receivable from subsidiaries	–	–	70,000	728,000
Other receivables from third parties	408,158	236,036	2,083	1,821
Advances to an associate	275,000	–	–	–
Other receivables from a related party	2,296,615	2,263,231	–	–
Less: Allowance for doubtful debts – A related party	(2,296,615)	(2,263,231)	–	–
Subtotal	683,158	236,036	72,083	729,821
Prepayments	439,364	380,610	5,635	5,100
Income tax recoverable	30,803	73,759	–	–
Total	1,153,325	690,405	77,718	734,921
Other receivables and prepayments (non-current)				
Advances to associates	365,540	641,383	–	–
Advance payment of capital expenditures	364,584	–	–	–
Prepayments	169,141	–	–	–
Total	899,265	641,383	–	–
Total other receivables and prepayments	2,052,590	1,331,788	77,718	734,921
Analysis of other receivables				
Not past due and not impaired	1,048,698	877,419	72,083	729,821

The advances to associates are unsecured and interest-free. Current advances are repayable on demand and non-current advances have an average repayment term of 5 years.

Other receivables from a related party and corresponding allowance pertains to shareholder loans to a subsidiary that was de-consolidated following the completion of the disposal during the previous financial year as described in Note 16(C). The amount is interest free, unsecured and repayable on demand.

13. Other receivables and prepayments (cont'd)

Movement in the allowance for doubtful debts

	Group	
	2016	**2015**
	$	$
At the beginning of the financial year	2,263,231	–
Charge for the year for a former subsidiary (Note 16(C))	–	2,263,231
Charge for the year	33,384	–
At the end of the financial year	2,296,615	2,263,231

At the end of the reporting period, the Group has provided an allowance of $33,384 (2015: $2,263,231) for other receivables and loans from a former subsidiary, as the former subsidiary has been suffering significant financial losses.

Most of the other receivables that are neither past due nor impaired relate to customers that the Company has assessed to be creditworthy based on the credit evaluation process performed by management.

14. Inventories

	Group	
	2016	**2015**
	$	$
At cost		
Food and beverages	2,283,917	2,328,082
Cook books	451	934
Total	2,284,368	2,329,016

15. Long-term security deposits

	Group	
	2016	**2015**
	$	$
Refundable security deposits	1,625,401	1,495,494

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

Included in the above long-term security deposits are deposits amounting to $159,827 (2015: $162,630) placed with a corporate shareholder of the Company.

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

16. Interest in subsidiaries

(A) Investment in subsidiaries

	Company 2016 $	Company 2015 $
(i) Investment		
Unquoted equity shares, at cost	6,628,493	6,628,493
Impairment loss (a)	(1,200,000)	(1,200,000)
Net	5,428,493	5,428,493
(ii) Deemed investment		
Fair value adjustment on interest-free advances and financial guarantees issued on behalf of subsidiaries at free of consideration to subsidiaries	3,690,160	2,675,526
Allowance for impairment (a)	(1,637,220)	(931,000)
Net	2,052,940	1,744,526
(iii) Receivables from subsidiaries		
Advances to subsidiaries (b)	19,774,613	16,441,176
Allowance for impairment on advances	(10,690,000)	(10,690,000)
Net	9,084,613	5,751,176
Total interests	16,566,046	12,924,195

Movement in allowance account for deemed investment:

	Company 2016 $	Company 2015 $
At the beginning of the financial year	931,000	931,000
Charge for the year	706,220	–
At the end of the financial year	1,637,220	931,000

At the end of the reporting period, the Company has provided an allowance of $706,220 (2015: $Nil) for deemed investment in a subsidiary as the value in use of the subsidiary is less than its carrying amount.

16. Interest in subsidiaries (cont'd)

(A) Investment in subsidiaries (cont'd)

(a) Investments in subsidiaries which are either restaurant operators or holding interests in entities which are restaurant operators are impaired when the restaurants showed prolonged operating losses since the opening of the restaurants. Impairment loss is provided on the investment based on value in use. The value in use is based on the available data and the estimated future cash flows discounted to its present value by using a pre-tax discount rate of 9.0% to 11.5% (2015: 7.1%) per annum that reflects current market assessment of the time value of money and the risks specific to the subsidiary. The management has assessed that growth rate of its subsidiaries to range from 1% to 28% (2015: 2% to 21%) per annum.

(b) The advances are unsecured, interest-free and not expected to be repaid within the next 12 months as the advances were used to fund the long-term operations of the subsidiaries. The Day One difference between the fair value of the advances and the notional amount of the advances given is accounted for as "Fair value adjustment" on interest-free advances to subsidiaries.

The Group has the following investment in subsidiaries:

Name of subsidiary	**Country of incorporation/ operation**	**Principal activities**	**Proportion of ownership interest and voting power 2016**	**2015**
			%	%
Held by the Company				
Tung Lok Millennium Pte Ltd	Singapore	Restaurateur	100	100
Tung Lok (China) Holdings Pte Ltd	Singapore	Investment holding	100	100
TLG Asia Pte Ltd	Singapore	Investment holding	100	100
Club Chinois Pte Ltd	Singapore	Restaurateur	75	75
Tung Lok Arena Pte Ltd	Singapore	Restaurateur	70	70
Olde Peking Dining Hall Pte Ltd	Singapore	Restaurateur	60	60
Held by Tung Lok Millennium Pte Ltd				
Charming Garden (Asia Pacific) Pte Ltd	Singapore	Central kitchen support function	100	100
Tung Lok Central Restaurant Pte Ltd	Singapore	Restaurateur	100	100

16. Interest in subsidiaries (cont'd)

(A) Investment in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation/ operation	Principal activities	Proportion of ownership interest and voting power 2016 %	2015 %
Held by Tung Lok Millennium Pte Ltd (cont'd)				
Tung Lok India Ltd [(1)]	British Virgin Islands/India	Dormant	70	70
Tung Lok Signatures (2006) Pte Ltd	Singapore	Restaurateur	100	100
Tung Lok Xihe Restaurant Pte Ltd	Singapore	Restaurateur	60	60
McBistro Pte Ltd	Singapore	Restaurateur	70	70
Slappy Cakes (Singapore) Pte Ltd	Singapore	Restaurateur	55	55
Held by Tung Lok (China) Holdings Pte Ltd				
My Humble House in Beijing (Restaurant) Company Ltd [(1)]	People's Republic of China	Investment holding	100	100
My Humble House Xihe (Beijing) Restaurant Company Ltd [(1)]	People's Republic of China	Restaurateur	70	70
Held by TLG Asia Pte Ltd				
Tong Le Private Dining Pte Ltd	Singapore	Restaurateur	51	51
Garuda Padang Restaurant (Singapore) Pte Ltd	Singapore	Dormant	65	65
Shin Yeh Restaurant Pte Ltd	Singapore	Restaurateur	55	55
Held by Club Chinois Pte Ltd				
Chinois Pte Ltd	Singapore	Restaurateur	100	100

The subsidiaries are audited by Ernst & Young LLP, Singapore except as indicated below:

[(1)] Not audited as its operations are not significant to the Group.

16. Interest in subsidiaries (cont'd)

(B) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit/(loss) allocated to NCI during the reporting period	Accumulated NCI at the end of the reporting period	Dividends paid to NCI	Fair value adjustment on interest-free loans from NCI in subsidiaries
			$	$	$	$
31 March 2016:						
Club Chinois Pte Ltd	Singapore	25%	193,410	347,210	200,000	–
McBistro Pte Ltd	Singapore	30%	302,161	42,542	–	12,878
Tung Lok Xihe Restaurant Pte Ltd	Singapore	40%	248,227	(152,706)	–	41,210
31 March 2015:						
Club Chinois Pte Ltd	Singapore	25%	248,020	353,800	200,000	–
McBistro Pte Ltd	Singapore	30%	477,403	(272,497)	–	–
Tung Lok Xihe Restaurant Pte Ltd	Singapore	40%	(630,934)	(442,143)	–	–

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of the subsidiaries with material NCI.

Summarised financial information about subsidiaries with material NCI

The following summarised financial information is based on the subsidiaries' financial statements prepared in accordance with FRS.

Summarised balance sheets

	2016	2015
	$	$
Current		
Assets	3,862,351	4,887,264
Liabilities	(3,809,434)	(7,422,321)
Net current assets/(liabilities)	52,917	(2,535,057)
Non-current		
Assets	2,925,241	2,843,603
Liabilities	(1,823,266)	(907,027)
Net non-current assets	1,101,975	1,936,576
Net assets/(liabilities)	1,154,892	(598,481)

16. Interest in subsidiaries (cont'd)

(B) Interest in subsidiaries with material non-controlling interest (NCI) (cont'd)

Summarised statement of comprehensive income

	2016 $	2015 $
Revenue	28,664,010	22,584,865
Profit before income tax	2,157,567	1,144,357
Income tax benefit/(expense)	243,844	(138,269)
Profit after income tax, representing total comprehensive income for the year	2,401,411	1,006,088

Other summarised information

Net cash flows from operations	2,740,360	1,534,333

(C) Disposal of a subsidiary

On 1 December 2014, the Group's wholly-owned subsidiary, TLG Asia Pte Ltd ("TLG") completed the disposal of its interest in PT Ming Cipta Rasa ("PT Ming") at its carrying value (the "Disposal"). The Disposal consideration was fully settled in cash at $1.00, which was arrived at on a willing buyer and willing seller basis. The Group retains 19% interest in PT Ming as at 31 March 2016, classified as available-for-sale investments, which management has assessed to have no fair value as at the date of disposal and at the end of reporting period.

The disposed subsidiary contributed revenue of $1,438,000 and loss before tax of $2,830,000 for the financial year ended 31 March 2014 and revenue of $1,528,000 and loss before tax of $1,462,000 for the financial period from 1 April 2014 to the date of disposal.

16. Interest in subsidiaries (cont'd)

(C) Disposal of a subsidiary (cont'd)

The value of assets and liabilities of PT Ming recorded in the consolidated financial statements as at 30 November 2014, and the effects of the Disposal are as indicated below:

	PT Ming 30.11.2014 $
Property, plant and equipment	2,222,012
Security deposit	122,752
Trade receivables	84,978
Other receivables	323,957
Cash and cash equivalents	48,362
Inventories	172,754
Total assets	2,974,815
Shareholder loans	(4,442,284)
Trade payables	(2,253,716)
Other payables and accruals	(506,967)
Total liabilities	(7,202,967)
Net de-consolidated liabilities	(4,228,152)
Cash consideration received	1
Cash and cash equivalents de-consolidated	(48,362)
Net cash outflow on disposal of a subsidiary	(48,361)
Gain on disposal:	
Cash consideration received	1
Net liabilities de-consolidated	4,228,152
Capital reserve derecognised	143,007
Non-controlling interest derecognised	(2,166,563)
Gain on disposal of a subsidiary	2,204,597

16. Interest in subsidiaries (cont'd)

(C) Disposal of a subsidiary (cont'd)

Pursuant to the Disposal, TLG has during the previous financial year fully impaired the trade receivables and shareholder loans extended to PT Ming of $205,797 and $2,263,231 respectively.

Following the de-consolidation, the net impact on the profit or loss arising from the Disposal recorded in the previous financial year was as follows:

	Group
	2015
	$
Gain on disposal of a subsidiary (Note 5)	2,204,597
Allowance for doubtful debt – trade receivables (Note 12)	(205,797)
Allowance for doubtful debt – shareholder loans (Note 13)	(2,263,231)
	(2,469,028)
Net loss	(264,431)

17. Joint venture

	Group	
	2016	**2015**
	$	$
Unquoted equity shares, at cost	800,000	800,000
Share of post-acquisition reserves	276,696	(9,348)
Total	1,076,696	790,652

Details of the joint venture of the Group are set out below:

Name of Joint venture	**Country of incorporation/ operation**	**Principal activities**	**Proportion of equity held by the Group**	
			2016	**2015**
			%	%
Held by Tung Lok Millennium Pte Ltd				
T & T Gourmet Cuisine Pte Ltd [1]	Singapore	Food manufacturer	50	50

[1] Audited by Ernst & Young LLP, Singapore.

17. Joint venture (cont'd)

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

	T & T Gourmet Cuisine Pte Ltd	
	2016	**2015**
	$	$
Cash and bank balances	1,120,506	17,310
Trade receivables	421,870	574,339
Other receivables and prepayments	152,063	112,558
Inventories	503,708	605,067
Current assets	2,198,147	1,309,274
Non-current assets	397,760	680,321
Total assets	2,595,907	1,989,595
Current liabilities	346,328	408,291
Non-current liabilities	96,187	–
Total liabilities	442,515	408,291
Net assets	2,153,392	1,581,304
Proportion of the Group's ownership	50%	50%
Group's share of net assets	1,076,696	790,652
Revenue	5,452,990	6,380,402
Cost of sales and operating expenses[1]	(4,693,653)	(5,253,212)
Interest expense	(283)	(15,468)
Profit before tax	759,054	1,111,722
Income tax (expense)/benefit	(186,966)	200,000
Profit after income tax, representing total comprehensive income for the year	572,088	1,311,722
Group's share of net results (net of corporate income tax)	286,044	655,861

[1] Included in cost of sales and operating expenses is depreciation expense of $147,991 (2015: $148,746).

18. Associates

	Group	
	2016	**2015**
	$	$
Unquoted equity shares, at cost	2,638,141	2,638,141
Share of post-acquisition reserves	(1,921,382)	(1,921,716)
Total	716,759	716,425

18. Associates (cont'd)

Details of the associates of the Group are set out below:

Name of associate	Country of incorporation/ operation	Principal activities	Proportion of equity held by the Group 2016 %	Proportion of equity held by the Group 2015 %
Held by Tung Lok (China) Holdings Pte Ltd				
Shanghai Jinjiang Tung Lok Catering Management Inc [1]	People's Republic of China	Restaurateur	49	49
Beijing Xihe Tung Lok Restaurant Company Ltd [1]	People's Republic of China	Restaurateur	40	40
Held by TLG Asia Pte Ltd				
Singapore Seafood Republic Pte Ltd ("SSRPL") [1]	Singapore	Restaurateur	25	25
Seafood Republic Pte Ltd ("SRPL") [1]	Singapore	Restaurateur	20	20

[1] Not audited as these associates are not significant to the Group.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	Group 2016 $	Group 2015 $
Profit after tax representing total comprehensive income	539,550	564,933

The audited financial statements of SSRPL and SRPL are made up to 30 September each year. For the purpose of applying the equity method of accounting, the unaudited management accounts of SSRPL and SRPL for the years ended 31 March 2016 and 2015 have been used.

19. Available-for-sale investments

The available-for-sale investments consist of unquoted equity investments in Singapore Culinary Institute Pte. Ltd. and Grand Pavilion Restaurant (2013) Pte. Ltd., incorporated in the Republic of Singapore; and PT Taipan Indonesia and PT Ming Cipta Rasa, incorporated in Indonesia. These companies are engaged in restaurateur activities.

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

20. Property, plant and equipment

Group	Furniture, fixtures and equipment	Kitchen equipment	Leasehold property	Motor vehicles	Total
	$	$	$	$	$
Cost:					
At 1 April 2014	30,615,570	10,282,461	4,405,867	1,327,130	46,631,028
Additions	1,421,872	199,647	–	394,939	2,016,458
Disposals	(416,272)	(2,230)	–	(510,254)	(928,756)
Disposal of a subsidiary	(2,634,886)	(1,253,061)	–	(28,077)	(3,916,024)
Exchange differences	42,347	(6,462)	–	(1,118)	34,767
At 31 March 2015 and 1 April 2015	29,028,631	9,220,355	4,405,867	1,182,620	43,837,473
Additions	1,577,274	654,777	–	340,560	2,572,611
Write-off	(3,337,868)	(572,158)	–	–	(3,910,026)
Exchange differences	(96,466)	(29,930)	–	–	(126,396)
At 31 March 2016	27,171,571	9,273,044	4,405,867	1,523,180	42,373,662
Accumulated depreciation:					
At 1 April 2014	16,146,636	5,767,142	947,628	820,877	23,682,283
Depreciation	3,566,970	1,190,985	87,823	182,690	5,028,468
Disposals	(415,471)	(1,303)	–	(510,254)	(927,028)
Disposal of a subsidiary	(615,747)	(291,178)	–	(12,870)	(919,795)
Exchange differences	28,782	4,101	–	(512)	32,371
At 31 March 2015 and 1 April 2015	18,711,170	6,669,747	1,035,451	479,931	26,896,299
Depreciation	3,148,775	886,903	88,117	264,359	4,388,154
Write-off	(2,656,258)	(559,293)	–	–	(3,215,551)
Exchange differences	(48,019)	(13,721)	–	–	(61,740)
At 31 March 2016	19,155,668	6,983,636	1,123,568	744,290	28,007,162
Impairment:					
At 1 April 2014	3,223,842	551,219	–	15,813	3,790,874
Disposal of a subsidiary	(544,115)	(214,289)	–	(15,813)	(774,217)
Exchange differences	(30,835)	–	–	–	(30,835)
At 31 March 2015 and 1 April 2015	2,648,892	336,930	–	–	2,985,822
Write-off	(670,894)	–	–	–	(670,894)
At 31 March 2016	1,977,998	336,930	–	–	2,314,928
Carrying amount:					
At 31 March 2015	7,668,569	2,213,678	3,370,416	702,689	13,955,352
At 31 March 2016	6,037,905	1,952,478	3,282,299	778,890	12,051,572

20. Property, plant and equipment (cont'd)

The recoverable amount of the relevant assets of the restaurants has been determined on the basis of their value in use. The discount rate used in measuring value in use was 9.0% to 11.5% (2015: 7.1%) per annum. The management has assessed that growth rate of the relevant restaurants ranged from 1% to 28% (2015: 2% to 21%) per annum. There was no impairment for the financial year ended 31 March 2016 and 31 March 2015.

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

	Group	
	2016	**2015**
	$	$
Motor vehicles	757,325	692,517
Kitchen equipment	6,899	11,494
Total	764,224	704,011

Leasehold property with carrying amount of $3,282,299 (2015: $3,370,416) has been pledged to secure bank loans (Note 25). Management has estimated the fair value of the leasehold property to be approximately $7,300,000 as at 31 March 2016 (2015: $7,300,000).

The valuation of leasehold property is based on comparable market prices that consider similar properties that have been transacted in the open market, which is classified under Level 2 of the fair value hierarchy.

Details of the leasehold property as at 31 March 2016 are as follows:

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

21. Goodwill

	Group
	$
Cost:	
As at 1 April 2014, 31 March 2015 and 31 March 2016	310,468
Impairment:	
As at 1 April 2014, 31 March 2015 and 31 March 2016	(310,468)
Carrying amount:	
As at 1 April 2014, 31 March 2015 and 31 March 2016	–

The goodwill was fully impaired in prior years.

22. Trade payables

	Group 2016 $	Group 2015 $
Outside parties	3,332,065	3,625,988
Related parties	30,343	34,308
Total	3,362,408	3,660,296

The average credit period on purchase of goods is 45 days (2015: 60 days).

23. Other payables

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Other payables (current)				
Dividends payable to non-controlling shareholders of subsidiaries (a)	30,000	272,000	–	–
Advances from a corporate shareholder of the Company (b)	44,480	133,320	–	–
Refundable security deposits	380,154	395,109	–	–
Deferred revenue (c)	1,554,082	1,643,662	–	–
Accrued expenses (d)	5,737,378	5,721,594	195,550	216,458
A related party (e)	14,129	12,858	–	–
Financial guarantee contracts (f)	–	–	366,352	452,675
Purchase of property, plant and equipment	34,169	463,221	–	–
Others (g)	1,316,633	1,505,041	859	2,178
Total	9,111,025	10,146,805	562,761	671,311
Other payables (non-current)				
Advances from a corporate shareholder of the Company (b)	–	44,480	–	–
Advances from corporate shareholders of subsidiaries (b)	2,634,561	2,789,442	–	–
Accrued expenses (d)	1,582,258	1,420,289	–	–
Total	4,216,819	4,254,211	–	–
Total other payables	13,327,844	14,401,016	562,761	671,311

(a) Dividends were declared to non-controlling shareholders of subsidiaries which remained unpaid as at 31 March.

(b) The advances from corporate shareholders of the Company and subsidiaries are unsecured and interest-free. Current advances are repayable on demand and non-current advances have an average repayment term of 5 years.

23. Other payables (cont'd)

(c) Deferred revenue mainly consists of loyalty points issued on the Group's Tung Lok First Card Scheme and advertising and promotion cash funding extended by credit card banks. Under the Tung Lok First Card Scheme, card members dining at the Group's restaurants are entitled to receive loyalty points depending on their level of spending, which can be used to offset subsequent spending. Under the credit card program partnership agreement, card members of the participating banks are entitled to dine at the Company's restaurants with certain privileges.

(d) Included in accrued expenses which consist of mainly payroll expenses and utility charges, is an amount of $1,582,258 (2015: $1,481,280) being provision for reinstatement costs of premises.

(e) The related party is affiliated to a corporate shareholder of the Company. The amount is unsecured and interest-free.

(f) The Company is a party to certain financial guarantees which it provides to banks in respect of credit facilities extended to these subsidiaries. Deemed guarantee fee has been accrued on guarantees issued to banks.

(g) Included in others at the Group level, other than those highlighted above, are payables to non-trade creditors for other operating expenses.

24. Finance leases

Group	Minimum lease payments		Present value of minimum lease payments	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
Amounts payable under finance leases:				
Within one year	241,541	192,684	213,815	170,670
In the second to fifth year inclusive	490,481	459,641	432,296	409,132
	732,022	652,325	646,111	579,802
Less: Future finance charges	(85,911)	(72,523)	–	–
Present value of lease obligations	646,111	579,802	646,111	579,802
Less: Amount due for settlement within 12 months (shown under current liabilities)			(213,815)	(170,670)
Amount due for settlement after 12 months			432,296	409,132

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 5 years (2015: 5 years). For the financial year ended 31 March 2016, the average borrowing rate was 2.77% (2015: 2.72%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

The Group's obligations under finance leases are secured by way of corporate guarantees issued by the Company and plant and equipment (Note 20).

25. Bank loans

	Group	
	2016	**2015**
	$	$
Long-term bank loans	3,276,230	5,249,376
The borrowings are repayable as follows:		
On demand or within one year	538,056	2,018,496
In the second year	562,524	544,377
In the third year	348,615	557,397
In the fourth year	194,640	338,516
In the fifth year	199,544	187,917
After five years	1,432,851	1,602,673
	3,276,230	5,249,376
Less: Amount due for settlement within 12 months (shown under current liabilities)	(538,056)	(2,018,496)
Amount due for settlement after 12 months	2,738,174	3,230,880

The Group has the following principal bank loans:

(a) a loan of $1,750,089 (2015: $$1,839,432). The loan was raised in August 2013. Repayment commenced in September 2013 and will continue until August 2028. The loan carries effective interest rate at 2.63% (2015: 1.98%) per annum, which is swap offer rate plus 1.5%;

(b) a loan of $900,572 (2015: $1,253,602). The loan was raised in July 2013. Repayment commenced in September 2013 and will continue until August 2018. The loan carries effective interest rate at 3.01% (2015: 2.47%) per annum, which is swap offer rate plus 2.0%;

(c) a loan of $476,322 (2015: $497,549). The loan was raised in December 2010. Repayment commenced in January 2011 and will continue until December 2030. The loan carries effective interest rate at 2.63% (2015: 1.95%) per annum, which is swap offer rate plus 1.5%;

(d) a loan of $149,247 (2015: $172,245). The loan was raised in July 2001. Repayment commenced in August 2001 and will continue until February 2021. The loan carries effective interest rate at 2.63% (2015: 1.97%) per annum, which is swap offer rate plus 1.5%;

(e) a loan of $Nil (2015: $917,500). The loan was raised in March 2012. Repayments commenced in March 2013 and ended in March 2016. The loan carries effective interest at 2.61% (2015: 2.09%) per annum, which is cost of fund plus 1.6%; and

(f) several other smaller loans ranging from $58,000 to $160,000 in the previous financial year which have been fully repaid during the current financial year. These loans carry effective interest rate ranging from 2.8% to 3.0%.

The bank loans are secured by way of:

(i) a charge over the leasehold property of a subsidiary as disclosed in Note 20 to the financial statements; and

(ii) a corporate guarantee issued by the Company.

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

26. Deferred tax

The following are the major deferred tax (assets)/liabilities recognised by the Group and the movement thereon during the year:

Group	Accelerated tax depreciation	Others	Tax losses	Total
	$	$	$	$
At 1 April 2014	191,379	(43,991)	(60,345)	87,043
(Credited)/charged to profit or loss for the year (Note 8)	(154,384)	24,912	60,345	(69,127)
At 31 March 2015 and 1 April 2015	36,995	(19,079)	–	17,916
Charged/(credited) to profit or loss for the year (Note 8)	211,544	(366,244)	(181,347)	(336,047)
At 31 March 2016	248,539	(385,323)	(181,347)	(318,131)

27. Share capital

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		$	$
Issued and paid up:				
At the beginning of the financial year	274,400,000	196,000,000	28,450,434	19,142,045
Issue of share capital via rights issue	–	78,400,000	–	9,308,389
At the end of the financial year	274,400,000	274,400,000	28,450,434	28,450,434

The Company has only one class of shares which are the ordinary shares. The ordinary shares have no par value, carry one vote per share without restrictions and carry a right to dividends as and when declared by the Company.

In the previous financial year, the capital raised of $9,308,389 is net of share issue expenses of $99,611.

The shares issued rank pari passu to the existing shares.

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28. Related party transactions

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

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

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

	Group	
	2016	**2015**
	$	$
With joint venture		
Purchase of food and beverages	1,062,379	1,412,436
With companies in which certain directors have financial interests		
Interest income	(25,357)	(166,766)
With corporate shareholders of certain subsidiaries		
Sale of food and beverages	(48,282)	(45,683)
With corporate shareholders of the Company		
Sale of food and beverages	(1,764,204)	(1,604,685)
Purchase of food, beverages and services	372,890	388,697
Rental expenses	3,254,301	2,892,580

Compensation of directors and key management personnel

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

	Group	
	2016	**2015**
	$	$
Short-term benefits	1,519,594	1,494,840
Post-employment benefits	103,469	96,493
Total	1,623,063	1,591,333

29. Segment information

Reportable segment

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the restaurant business which forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*. Management considers a restaurant business as a single operating segment.

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

Geographical information

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

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

	Group Sales revenue by geographical market	
	2016	**2015**
	$	$
Singapore	82,984,429	80,400,971
People's Republic of China	3,080,545	3,056,729
Indonesia	–	1,527,561
Total	86,064,974	84,985,261

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

	Group Non-current assets	
	2016	**2015**
	$	$
Singapore	11,378,249	12,563,651
People's Republic of China	673,323	1,391,701
Total	12,051,572	13,955,352

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

Information about major customers

The revenue is spread over a broad base of customers.

30. Contingent liabilities

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Corporate guarantees issued for bank facilities, finance lease facilities and corporate loans granted to subsidiaries	–	–	3,310,559	5,321,029
Letters of undertaking to provide finances to loss making subsidiaries and associates	–	121,206	13,143,659	13,679,545
Total	–	121,206	16,454,218	19,000,574

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

31. Operating lease arrangements

	Group	
	2016	2015
	$	$
Lease expense under operating leases	12,867,331	12,842,757

Included in the lease expense is an amount of $1,071,644 (2015: $1,090,179) contingent rental incurred during the year as well as an amount of $3,254,301 (2015: $2,892,580) paid to a related party (Note A).

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

	Group	
	2016	2015
	$	$
Within one year		
- non-related parties	8,719,541	7,731,751
- a related party (Note A)	2,660,089	2,280,474
Subtotal	11,379,630	10,012,225
In the second to fifth years inclusive		
- non-related parties	11,603,108	11,346,155
- a related party (Note A)	3,480,078	690,179
Subtotal	15,083,186	12,036,334
Total	26,462,816	22,048,559

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

31. Operating lease arrangements (cont'd)

Operating lease payments represent rentals payable by the Group for its restaurant premises and office lease. Leases are negotiated and rentals fixed for an average of 3 years (2015: 3 years). Most leases contain an option to renew.

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

32. Categories of financial instruments

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

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Financial assets				
Loans and receivables, at amortised cost:				
Cash and bank balances	14,024,952	15,254,490	3,321,030	6,315,325
Trade receivables	1,784,366	2,193,137	–	–
Other receivables	1,048,698	877,419	72,083	729,821
Advances to subsidiaries (Note 16(A))	–	–	9,084,613	5,751,176
Long-term security deposits	1,625,401	1,495,494	–	–
Sub-total	18,483,417	19,820,540	12,477,726	12,796,322
Available-for-sale financial assets	16,000	16,000	–	–
Total	18,499,417	19,836,540	12,477,726	12,796,322
Financial liabilities				
At amortised cost:				
Trade payables	3,362,408	3,660,296	–	–
Other payables	10,191,504	11,276,074	196,409	218,636
Finance leases	646,111	579,802	–	–
Bank loans	3,276,230	5,249,376	–	–
Total	17,476,253	20,765,548	196,409	218,636
Financial guarantee contracts	–	–	366,352	452,675

The Company has issued corporate guarantees to banks for borrowings of its subsidiary, where the Company is required to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of its borrowings.

Financial guarantees are initially recognised at their fair values and are subsequently amortised to profit or loss over the period of the subsidiary's borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount.

Fair value of the financial guarantees is estimated using market lending rate for similar type of loan guarantee arrangement as at the end of the reporting period.

33. Financial risks management objectives and policies

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

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

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

(a) Foreign exchange risk management

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

The Group has some investments in foreign entities whose net assets are denominated in Renminbi.

The Group does not enter into any derivative contracts to hedge the foreign exchange risk on such net investments. The Group's monetary assets and monetary liabilities are largely denominated in the respective Group entities' functional currencies.

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

(b) Interest rate risk management

The Group's exposure to interest rate risks relate mainly to its bank loans of $3,276,230 (2015: $5,249,376). The interest rates are determined at the respective banks' prime rate plus an applicable margin. The Group currently does not use any derivative financial instruments to manage its exposure to changes in interest rates.

Interest rate sensitivity

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 March 2016 would decrease/increase by approximately $16,400 (2015: loss for the year ended 31 March 2015 would increase/decrease by $26,200) respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

33. Financial risks management objectives and policies (cont'd)

(c) Credit risk management

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

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

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses and the exposure to defaults from financial guarantees disclosed in Note 33(d), represents the Group's and the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained.

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

Further details of credit risks on trade and other receivables and advances to associates are disclosed in Notes 12 and 13 to the financial statements respectively.

(d) Liquidity risk management

The Group funds its operations through a mixture of internal funds, bank borrowings and other fund raising exercises. The Group reviews regularly its liquidity reserves comprising free cash flows from its operations and undrawn credit facilities from banks.

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

The Group and the Company are dependent on the availability of future cash flows from the Group's restaurant operations and any unutilised credit facilities given by the banks.

During the year ended 31 March 2016, the directors have taken steps to improve the Group's and Company's working capital position and cash inflow from their operating activities.

In respect of the corporate guarantee in Note 30, the maximum amount the Group and Company would be forced to settle if the full guaranteed amount is claimed by the counterparty is $Nil and $3,310,599 (2015: $Nil and $5,321,029) respectively. The earliest period that the guarantee could be called is within 1 year (2015: 1 year) from the end of the reporting period. The Group and Company consider that it is more likely than not that no amount will be payable under the arrangement.

33. Financial risks management objectives and policies (cont'd)

(d) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

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

Group 2016	**Weighted average effective interest rate**	**On demand or within 1 year**	**Within 2 to 5 years**	**After 5 years**	**Adjustment**	**Total**
	%	$	$	$	$	$
On balance sheet						
Non-interest bearing:						
Trade payables	–	3,362,408	–	–	–	3,362,408
Other payables	3.37	7,556,943	2,890,030	–	(255,469)	10,191,504
		10,919,351	2,890,030	–	(255,469)	13,553,912
Finance leases (fixed rate)	2.77	241,541	490,481	–	(85,911)	646,111
Variable interest rate instruments:						
Bank loans	2.73	626,111	1,499,855	1,575,567	(425,303)	3,276,230
Total		11,787,003	4,880,366	1,575,567	(766,683)	17,476,253
2015						
On balance sheet						
Non-interest bearing:						
Trade payables	–	3,660,296	–	–	–	3,660,296
Other payables	6.00	8,442,152	2,928,880	–	(94,958)	11,276,074
		12,102,448	2,928,880	–	(94,958)	14,936,370
Finance leases (fixed rate)	2.72	192,684	459,641	–	(72,523)	579,802
Variable interest rate instruments:						
Bank loans	2.20	2,123,180	1,825,158	1,756,715	(455,677)	5,249,376
Total		14,418,312	5,213,679	1,756,715	(623,158)	20,765,548

33. Financial risks management objectives and policies (cont'd)

(d) Liquidity risk management (cont'd)

Non-derivative financial liabilities (cont'd)

Company **2016**	**Weighted average effective interest rate** %	**On demand or within 1 year** $	**Within 2 to 5 years** $	**After 5 years** $	**Adjustment** $	**Total** $
On balance sheet						
Non-interest bearing:						
Other payables	–	196,409	–	–	–	196,409
Off balance sheet						
Financial guarantee contracts (notional amount)	–	3,310,559	–	–	–	3,310,559
2015						
On balance sheet						
Non-interest bearing:						
Other payables	–	218,636	–	–	–	218,636
Off balance sheet						
Financial guarantee contracts (notional amount)	–	5,321,029	–	–	–	5,321,029

33. Financial risks management objectives and policies (cont'd)

(d) Liquidity risk management (cont'd)

Non-derivative financial assets

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

Group	**Weighted average effective interest rate**	**On demand or within 1 year**	**Within 2 to 5 years**	**After 5 years**	**Adjustment**	**Total**
2016	%	$	$	$	$	$
Non-interest bearing:						
Cash and bank balances	–	13,024,952	–	–	–	13,024,952
Trade receivables	–	1,784,366	–	–	–	1,784,366
Other receivables	6.00	683,158	417,800	–	(52,260)	1,048,698
Long-term security deposits	–	–	1,625,401	–	–	1,625,401
Available-for-sale financial assets	–	–	–	16,000	–	16,000
		15,492,476	2,043,201	16,000	(52,260)	17,499,417
Fixed interest rate instrument:						
Short-term deposit	1.18	1,000,000	–	–	–	1,000,000
Total		16,492,476	2,043,201	16,000	(52,260)	18,499,417
2015						
Non-interest bearing:						
Cash and bank balances	–	15,254,490	–	–	–	15,254,490
Trade receivables	–	2,193,137	–	–	–	2,193,137
Other receivables	4.64	236,036	719,000	–	(77,617)	877,419
Long-term security deposits	–	–	1,495,494	–	–	1,495,494
Available-for-sale financial assets	–	–	–	16,000	–	16,000
Total		17,683,663	2,214,494	16,000	(77,617)	19,836,540

33. Financial risks management objectives and policies (cont'd)

(d) Liquidity risk management (cont'd)

Non-derivative financial assets (cont'd)

Company 2016	**Weighted average effective interest rate**	**On demand or within 1 year**	**Within 2 to 5 years**	**After 5 years**	**Adjustment**	**Total**
	%	$	$	$	$	$
Non-interest bearing:						
Cash and bank balances	–	3,321,030	–	–	–	3,321,030
Other receivables	–	72,083	–	–	–	72,083
Advances to subsidiaries (Note 16(A))	2.91	–	9,994,480	–	(909,867)	9,084,613
Total		3,393,113	9,994,480	–	(909,867)	12,477,726
2015						
Non-interest bearing:						
Cash and bank balances	–	6,315,325	–	–	–	6,315,325
Other receivables	–	729,821	–	–	–	729,821
Advances to subsidiaries (Note 16(A))	3.16	–	5,977,871	–	(226,695)	5,751,176
Total		7,045,146	5,977,871	–	(226,695)	12,796,322

(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, management addresses the risk by adjusting the menu pricing or changing the product delivery strategy.

(f) Fair value of financial assets and financial liabilities

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

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

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

(g) Financial instruments subject to off-setting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to offsetting under enforceable master netting arrangements or similar netting agreements.

34. Capital risk management policies and objectives

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 25, and equity attributable to owners of the Company, comprising issued capital, reserves net of accumulated losses.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital and retained earnings):

	Group	
	2016	**2015**
	$	$
Net debt:		
All current and non-current borrowings including finance leases	3,922,341	5,829,178
Less: cash and cash equivalents	(14,024,952)	(15,254,490)
Net cash	(10,102,611)	(9,425,312)
Adjusted capital:		
Total equity	15,316,757	14,154,919
Adjusted capital	15,316,757	14,154,919
Debt-to-adjusted capital ratio	N.M	N.M

N.M – The Group's cash and cash equivalents exceeded its total borrowings. Therefore, the debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk from borrowings.

35. Authorisation of financial statements

The financial statements for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 17 June 2016.

STATISTICS OF SHAREHOLDINGS

As at 17 June 2016

Number of Issued Shares : 274,400,000
Class of Shares : Ordinary shares
Voting Rights : One vote per share

Distribution of Shareholders by size of shareholdings as at 17 June 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 99	5	0.67	41	0.00
100 to 1,000	95	12.68	89,614	0.03
1,001 to 10,000	328	43.79	1,420,404	0.52
10,001 to 1,000,000	308	41.12	25,299,970	9.22
1,000,001 AND ABOVE	13	1.74	247,589,971	90.23
TOTAL	749	100.00	274,400,000	100.00

Shareholdings in the hands of public as at 17 June 2016

The percentage of shareholdings in the hands of the public was approximately 15.7% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual – Section B : Rules of the Catalist which states that an issuer must ensure that at least 10% of its ordinary shares is at all times held by the public.

The Company did not hold any treasury shares as at 17 June 2016.

Twenty largest Shareholders as at 17 June 2016

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	ZHOU HOLDINGS PTE LTD	104,272,000	38.00
2	GOODVIEW PROPERTIES PTE LTD	52,857,280	19.26
3	TEE YIH JIA FOOD MANUFACTURING PTE LTD	49,975,280	18.21
4	UOB KAY HIAN PTE LTD	20,471,000	7.46
5	RAFFLES NOMINEES (PTE) LTD	5,152,271	1.88
6	ANG TJIA LENG @ WIDJAJA LINDA ANGGRAINI	2,898,840	1.06
7	CHIN KAI SENG	2,482,300	0.90
8	GOH CHENG LIANG	2,400,000	0.87
9	YEOW SENG (SEAFOOD) PTE LTD	1,890,000	0.69
10	TAN BENG HOCK OR SOH GEOK CHOO	1,425,000	0.52
11	RHB SECURITIES SINGAPORE PTE LTD	1,393,000	0.51
12	ZHANG WEN	1,361,000	0.50
13	PHILLIP SECURITIES PTE LTD	1,012,000	0.37
14	NO SIGNBOARD SEAFOOD RESTAURANT PTE LTD	956,480	0.35
15	ZHANG ZHONG YI	695,900	0.25
16	BAPTIST KEYNA ELAINE DAPHNE MRS KEYNA GOH	627,000	0.23
17	ONG SEK HIAN (WANG SHIXIAN)	622,200	0.23
18	OCBC SECURITIES PRIVATE LTD	620,000	0.23
19	NG HWEE KIAT	614,000	0.22
20	YIO KANG LENG	600,000	0.22
		252,325,551	91.96

Substantial Shareholders

	DIRECT INTEREST		DEEMED INTEREST		TOTAL	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Zhou Holdings Pte Ltd	104,272,000	38.00	–	–	104,272,000	38.00
Tres Maria Capital Ltd	–	–	104,272,000*	38.00	104,272,000	38.00
Sugiono Wiyono Sugialam	–	–	104,272,000*	38.00	104,272,000	38.00
Amazing Grace Investments Pte. Ltd.	–	–	104,272,000*	38.00	104,272,000	38.00
Estate of Zhou Yingnan, Deceased	–	–	104,272,000*	38.00	104,272,000	38.00
Tjioe Ka Men	442,960	0.16	107,170,840**	39.06	107,613,800	39.22
Tjioe Ka In	105,840	0.04	104,272,000*	38.00	104,377,840	38.04
Goodview Properties Pte Ltd	52,857,280	19.26	–	–	52,857,280	19.26
Far East Organization Centre Pte Ltd	–	–	52,857,280#	19.26	52,857,280	19.26
Mdm Tan Kim Choo	–	–	53,323,760##	19.43	53,323,760	19.43
Estate of Ng Teng Fong, Deceased	–	–	53,323,760###	19.43	53,323,760	19.43
Tee Yih Jia Food Manufacturing Pte Ltd	49,975,280	18.21	–	–	49,975,280	18.21
Goi Seng Hui	–	–	49,975,280+	18.21	49,975,280	18.21
Antica Bay Pte. Ltd.	20,300,000	7.40	–	–	20,300,000	7.40
Andre Tanoto	–	–	20,300,000@	7.40	20,300,000	7.40

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

** Deemed to be interested in the 104,272,000 shares held by Zhou Holdings Pte Ltd and 2,898,840 shares held by Ang Tjia Leng @ Widjaja Linda Anggraini (spouse) by virtue of Section 7 of the Companies Act, Cap 50

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

Deemed to be interested in the 52,857,280 shares held by Goodview Properties Pte Ltd as her associate, the Estate of Ng Teng Fong, Deceased, has a controlling interest in Far East Organization Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd; and 466,480 shares held by Kuang Ming Investments Pte. Ltd. by virtue of she having more than 20% interest in Kuang Ming Investments Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap 50

Deemed to be interested in the 52,857,280 shares held by Goodview Properties Pte Ltd by virtue of its controlling interest in Far East Organization Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd; and 466,480 shares held by Kuang Ming Investments Pte. Ltd. as its associate, Mdm Tan Kim Choo, has more than 20% interest in Kuang Ming investments Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap 50

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

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

NOTICE OF 16TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 16th Annual General Meeting of **TUNG LOK RESTAURANTS (2000) LTD** will be held at Orchard Parade Hotel, 1 Tanglin Road, Level 2, Antica Ballroom, Singapore 247905 on Thursday, 28 July 2016 at 11.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve Directors' fees of S$173,000.00 for the financial year ended 31 March 2016 (2015: S$173,000.00). **[Resolution 2]**

3. To approve Directors' fees of S$223,000.00 for the financial year ending 31 March 2017 to be paid quarterly in arrears (2016: S$173,000.00). **[Resolution 3]**

4. To re-elect the following Directors retiring pursuant to the Company's Constitution:-

   (a) Mdm Ng Siok Keow (Pursuant to Article 91) **[Resolution 4(a)]**
   (b) Mdm Tjioe Ka In (Pursuant to Article 91) **[Resolution 4(b)]**

   Mdm Ng Siok Keow will, upon re-appointment as a Director of the Company, remain as a Non-Independent and Non-Executive Director.

   Mdm Tjioe Ka In will, upon re-appointment as a Director of the Company, remain as an Executive Director.

5. The following Ordinary Resolutions on the recommendation of the Nominating Committee and endorsement of the Board of Directors:-

   "That Dr Tan Eng Liang, who will retire pursuant to Section 153(6) of the Companies Act, Cap. 50 which was in force immediately before 3 January 2016, be and is hereby re-appointed as a Director of the Company." **[Resolution 5]**

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

   [See Explanatory Note (i)]

6. "That Dr Ker Sin Tze, who will retire pursuant to Section 153(6) of the Companies Act, Cap. 50 which was in force immediately before 3 January 2016, be and is hereby re-appointed as a Director of the Company." **[Resolution 6]**

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

   [See Explanatory Note (i)]

7. To re-appoint Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **[Resolution 7]**

AS SPECIAL BUSINESS

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

8. Authority to allot and issue shares **[Resolution 8]**

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

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

(ii) make or grant offers, agreements or options that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

provided THAT:-

(a) the aggregate number of shares to be issued pursuant to this resolution does not exceed 100% of the total number of issued shares in the Company (excluding treasury shares), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury shares);

(b) for the purpose of determining the aggregate number of shares that may be issued under paragraph (a) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this resolution is passed, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time this resolution is passed, and (ii) any subsequent bonus issue, consolidation or subdivision of shares; and

(c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or when it is required by law to be held, whichever is earlier. [See Explanatory Note (ii)]

9. To approve the renewal of the Shareholders' Mandate for Interested Person Transactions ("**IPTs**") **[Resolution 9]**

   (a) That approval be and is hereby given for the purposes of Chapter 9 of the SGX-ST Catalist Listing Rules for any of the Entities at Risk (as defined in the Appendix to this Notice of the Annual General Meeting) to enter into any of the transactions falling within the types of IPTs (particulars of which are set out in the Appendix accompanying this notice) with the Interested Persons in accordance with the guidelines of the Company for IPTs as set out in the Appendix, and subject to the review procedures for such IPTs as set out in the Appendix (the "**IPT Mandate**");

   (b) That such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company;

   (c) That the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of review procedures for the IPTs and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and

   (d) That the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including without limitation executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by the proposed IPT Mandate and/or this Resolution. [See Explanatory Note (iii)]

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

By Order of the Board

CHAN WAI TENG PRISCILLA
Secretary

Singapore, 12 July 2016

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EXPLANATORY NOTES TO RESOLUTIONS:

(i) Resolutions 5 and 6 – Dr Tan Eng Liang ("**Dr Tan**") and Dr Ker Sin Tze ("**Dr Ker**") were reappointed to the Board at the Annual General Meeting held on 30 July 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50, which was in force immediately before 3 January 2016. Pursuant to section 153(6) of the Companies Act, such re-appointments were until the Annual General Meeting to be held on 28 July 2016 ("**AGM 2016**"). Accordingly, as their appointments will lapse at the AGM 2016, Dr Tan and Dr Ker are subject to re-appointment at the AGM 2016. Subject to their re-appointment at the conclusion of the AGM 2016, Dr Tan and Dr Ker's re-appointments will no longer be subject to shareholders' approval under section 153(6) of the Companies Act as it has been repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016, and they will then be subject to retirement by rotation pursuant to the Company's Constitution.

(ii) Resolution 8 proposed in item 8 above is to authorise the Directors of the Company to issue shares in the capital of the Company up to an amount not exceeding in aggregate one hundred percent (100%) of the total number of issued shares in the capital of the Company, excluding treasury shares, at the time of the passing of this resolution, of which the aggregate number of shares to be issued other than on a pro-rata basis to the shareholders of the Company does not exceed fifty percent (50%) of the total number of issued shares in the capital of the Company, excluding treasury shares.

(iii) Resolution 9 proposed in item 9 above, if passed, will renew the IPT Mandate for certain transactions with the interested persons and empower the Directors of the Company from the date of the above meeting until the date of the next Annual General Meeting to do all acts necessary to give effect to the Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company. In accordance with the requirements of Chapter 9 of the SGX-ST Catalist Listing Rules, Mr Goi Seng Hui being an "Interested Person" in relation to the IPT Mandate, will abstain from voting, and will ensure that his respective associates abstain from voting, on Resolution 9 relating to the IPT Mandate.

NOTES:

(1) A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) The instrument appointing a proxy must be deposited at the Company's Registered Office, 1 Sophia Road #05-03 Peace Centre Singapore 228149, not less than 72 hours before the time fixed for holding the Annual General Meeting.

(3) Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:-

  (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

  (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

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

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

12 July 2016

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

This Appendix is circulated to Shareholders of Tung Lok Restaurants (2000) Ltd (the "**Company**") together with the Company's Annual Report. Its purpose is to explain to Shareholders the rationale and provide information relating to the renewal of the IPT Mandate (as defined herein) to be tabled at the Annual General Meeting to be held on 28 July 2016 at 11.00 a.m. at Orchard Parade Hotel, 1 Tanglin Road, Level 2, Antica Ballroom, Singapore 247905 (the "**Annual General Meeting**").

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

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

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified its contents. This Appendix has not been examined or approved by SGX-ST. SGX-ST and the Sponsor assume no responsibility for the contents of this document, including the correctness of any of the statements made, reports contained or opinions expressed in this Appendix. The contact person for the Sponsor is Mr Ong Hwee Li (Registered Professional, SAC Capital Private Limited), Address: 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, Tel: 6532 3829.

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TUNG LOK RESTAURANTS (2000) LTD

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

APPENDIX TO THE NOTICE OF THE ANNUAL GENERAL MEETING DATED 12 JULY 2016 IN RELATION TO THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

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CONTENTS

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

DEFINITIONS

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

"Act" : The Companies Act (Cap. 50) of Singapore

"AGM" : Annual General Meeting of the Company

"Approved Exchange" : A stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules

"Appendix" : This Appendix to the Shareholders dated 12 July 2016

"Associate" :

(a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:

- (i) his immediate family;
- (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more

(b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

"Associated Company" : A company in which at least 20% but not more than 50% of its shares are held by the Group or the TYJ Group (as the case may be)

"Audit and Risk Committee" : The Audit and Risk Committee of the Company, comprising Dr Tan Eng Liang, Dr Ker Sin Tze, Mr Chee Wai Pong and Mr Goi Seng Hui

"Board" : The board of directors of the Company

"Catalist Rules" : Section B: Rules of Catalist of the Listing Manual of SGX-ST

"CDP" : The Central Depository (Pte) Limited

"Company" : Tung Lok Restaurants (2000) Ltd

"Controlling Shareholder" : A person who:

(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company. SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or

(b) in fact exercises control over a company

DEFINITIONS

“Directors” : The directors of the Company for the time being

“Entities at Risk” : The Company, its subsidiaries that are not listed on SGX-ST or an Approved Exchange and its associated companies that are not listed on SGX-ST or an Approved Exchange, provided that the Group, or the Group and its interested person(s), has control over the associated company

“Executive Chairman” : The most senior executive officer who is responsible under the immediate authority of the Board for the conduct of the business of the Company

“FY” : Financial year ended or ending 31 March, as the case may be

“Group” : The Company and its subsidiaries

“GSH” : Mr Goi Seng Hui

“GSH Associate” : Means, in relation to GSH:

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and

shall for the purposes of the IPT Mandate, include (i) the TYJ Group, (ii) such Associated Companies of the TYJ Group in which GSH and his immediate family together (directly or indirectly) have an interest of 30% or more (this includes T&T)

“Immediate Family” : in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent

“Interested Person” : Means, (a) a Director, Chief Executive Officer, or Controlling Shareholder of the Company; or (b) an associate of any such Director, Chief Executive Officer or Controlling Shareholder

For the purposes of the IPT Mandate, means GSH and the GSH Associates

“IPT” : An interested person transaction between any of the Entities at Risk and the Interested Persons

“IPT Mandate” : The Shareholders’ mandate for IPTs pursuant to Rule 920 of the Catalist Rules

“Latest Practicable Date” : 1 July 2016, being the latest practicable date prior to the printing of this Appendix

“Management” : The Directors and management of the Company

“NTA” : Net tangible asset

“Recurrent IPTs” : Shall have the meaning ascribed to it in paragraph 4.5

"**Securities Account**"	:	A securities account maintained by a Depositor with CDP
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of Shares, except that, where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares
"**Shares**"	:	Ordinary shares in the share capital of the Company
"**Subsidiary**"	:	Shall have the meaning ascribed to it in the Act
"**Substantial Shareholder**"	:	A person has a substantial shareholding in a company if :- (a) he has an interest or interests in one or more voting shares in the company; and (b) the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company
"**T&T**"	:	T&T Gourmet Cuisine Pte Ltd, a joint venture company which is owned equally by the Company and TYJ through their respective wholly-owned subsidiaries. T&T is an Associated Company of the Group and a GSH Associate
"**TYJ**"	:	Tee Yih Jia Food Manufacturing Pte Ltd
"**TYJ Group**"	:	TYJ and its subsidiaries
"**Unaffected Directors**"	:	The Directors who are deemed to be independent for the purposes of making a recommendation to Shareholders in respect of the IPT Mandate, namely Mr Tjioe Ka Men, Mdm Tjioe Ka In, Dr Ker Sin Tze, Dr Tan Eng Liang, Mr Chee Wai Pong and Mdm Ng Siok Keow
"**2011 EGM**"	:	The extraordinary general meeting of the Company held on 29 July 2011
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively
"**%**"	:	per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

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

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

DEFINITIONS

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

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

TUNG LOK RESTAURANTS (2000) LTD

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

1. INTRODUCTION

1.1 At the 2011 EGM, the Company obtained the IPT Mandate whereby authority was given to the Company and/or its subsidiaries to enter into IPTs with GSH and the GSH Associates (including the TYJ Group and T&T) in the ordinary course of business provided that such transactions are made on normal commercial terms and in accordance with the review procedure of such transactions. The IPT Mandate has been subsequently renewed annually at the Company's AGM. The most recent renewal was approved by the Shareholders at the Company's AGM held on 30 July 2015.

1.2 Resolution 9 in the Notice of Annual General Meeting relates to the renewal of the IPT Mandate. This Appendix is to provide the Shareholders with the relevant information relating to the above. The approval of Shareholders for the renewal of the IPT Mandate will be sought at the AGM to be held on 28 July 2016.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 The IPT Mandate renewed at the AGM held on 30 July 2015 was expressed to have effect until the next AGM of the Company. As such, the abovesaid IPT Mandate will expire on 28 July 2016. Pursuant to Rule 920 of the Catalist Rules, the Company will seek Shareholders' approval for the proposed renewal of the IPT Mandate.

2.2 The proposed renewal of the IPT Mandate will enable the Company and/or its subsidiaries which are considered to be Entities at Risk within the meaning of Rule 904(2) of the Catalist Rules, in their ordinary course of business, to enter into categories of transactions with specified classes of the Company's interested persons, provided that such transactions are entered into on normal commercial terms and will not be prejudicial to the interests of the Company and /or its minority Shareholders.

2.3 There is no change in the categories of transactions, entities at risk and interested persons in the proposed renewal of the IPT Mandate.

2.4 The renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto at the forthcoming AGM and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM of the Company. Approval from the Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit and Risk Committee of its continued relevance and application to the transactions with the Interested Persons and confirms that the methods or review procedures for the transactions with Interested Persons are sufficient to ensure that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and/or its minority Shareholders.

3. CHAPTER 9 OF THE CATALIST RULES

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

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

(a) An immediate announcement is required where:

  (i) the value of a proposed transaction is equal to or exceeds 3% of the Group's latest audited consolidated NTA ("**Threshold 1**"); or

  (ii) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than Threshold 1. In this instance, an announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.

(b) Shareholders' approval is required where:

  (i) the value of a proposed transaction will be equal to or will exceed 5% of the Group's latest audited consolidated NTA ("**Threshold 2**"); or

  (ii) the aggregate value of all transactions entered into with the same interested person during the same financial year, will be equal to or exceed Threshold 2. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

(c) The value of a transaction is the amount at risk to the listed company:

  (i) in the case of a partly-owned subsidiary or associate company, the value of the transaction is the listed company's effective interest in that transaction;

  (ii) in the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk; and

  (iii) in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan.

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

4. THE IPT MANDATE

4.1 Background and relationship between the parties

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

The TYJ Group and its associated companies are, amongst other things, carrying on business as manufacturers and distributors of frozen foods. TYJ is also a Controlling Shareholder of the Company holding 18.21% of the total issued share capital of the Company as at the Latest Practicable Date.

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

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

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

4.2 Classes of Interested Persons

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

(a) GSH; and

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

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

4.3 Scope of the IPT Mandate

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

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

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

4.4 Categories of IPTs

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

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

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

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

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

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

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

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

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

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

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

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

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

T&T as one of the Entities at Risk

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

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

(d) Receipt of services from Interested Persons

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

(i) Delivery of goods and documents and sub-contracting of labour such as financial bookkeeping; and

(ii) Laboratory test services for food products, and logistics services for food storage and delivery.

4.5 Rationale for and benefits of the IPT Mandate

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

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

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

(a) It will be beneficial to the Group to allow the IPTs, provided that they are carried out on normal commercial terms, and are not prejudicial to the interests of the Company and/or its minority Shareholders. The IPTs will improve synergies between the Group and its associated companies and the TYJ Group and its associated companies by enhancing the ability of the Group and its associated companies to utilise the resources available to the TYJ Group and its associated companies and will allow the Group and its associated companies to enjoy economies of scale in the manufacturing of food products (where relevant) and the procurement of materials and services; and

(b) The Recurrent IPTs will occur frequently at differing intervals. The IPT Mandate and any subsequent renewals of the same on an annual basis is intended to facilitate the IPTs in the day-to-day transactions of the Group and will eliminate the need to prepare and make announcements and/or convene separate general meetings on a continual basis to seek prior approval for the entry into these transactions, which will serve to improve operational efficiency in a cost-effective manner. Furthermore, the IPT Mandate will give the Entities at Risk and the Interested Persons the flexibility to conduct the Recurrent IPTs in the ordinary course of business, thereby reducing the time and expenses which would otherwise be incurred to convene general meetings on an *ad hoc* basis, and allow such resources and time to be channeled towards the management of the Group's business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) <u>Sale of dim sum and mooncakes to Interested Persons</u>

T&T as one of the Entities at Risk

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

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

(d) <u>Receipt of services from Interested Persons</u>

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

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

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

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

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

4.7 Threshold Limits

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

(a) Threshold for individual IPTs

(i) Transactions between T&T (as an Entity at Risk) and the Interested Persons (excluding T&T):

(1) Where an individual IPT is in excess of S$250,000, such transaction will require the prior approval of the Audit and Risk Committee; and

(2) Where an individual IPT is equal to or below S$250,000, such transaction will be approved by any executive director of the Company who is independent of the Interested Persons.

(ii) Transactions between the Group and its Associated Companies (other than T&T) with the Interested Persons (including T&T):

(1) Where an individual IPT is in excess of S$150,000, such transaction will require the prior approval of the Audit and Risk Committee;

(2) Where an individual IPT is in excess of S$50,000 but equal to or below S$150,000, such transaction will be approved by the vice president of the Company's purchasing department, who is independent of the Interested Persons; and

(3) Where an individual IPT is equal to or below S$50,000, such transaction will be approved by the departmental manager or outlet manager (as the case may be), who is independent of the Interested Persons.

(b) Threshold for aggregate value of IPTs

(i) Where the aggregate value of the IPTs in the same financial year is less than 10% of the latest audited NTA of the Group, all IPTs will be reviewed on a monthly basis by the finance manager and the financial controller of the Company to ensure that they have been carried out on normal commercial terms and in accordance with the procedures set out in the IPT Mandate; and

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

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

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

4.8.1 The finance department of the Entities at Risk will maintain a register of transactions carried out with the Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) (the "**Interested Person Transactions Register**"). Any discrepancies or significant variances (as determined by the Audit and Risk Committee), from the Group's usual business practices and pricing policies will be highlighted to the Audit and Risk Committee.

4.8.2 The financial controller of the Company will obtain signed letters of confirmation from key management personnel and the Directors on a periodic basis (of not more than half-year intervals) with respect to their interest in any transactions with the Group or its Associated Companies.

4.8.3 The financial controller of the Company will maintain a list of the Directors, Executive Chairman and Controlling Shareholders and their Associates (which is to be updated immediately if there are any changes) to enable identification of Interested Persons. The master list of Interested Persons which is maintained shall be reviewed by the chief financial officer of the Company at least half-yearly and subject to such verifications or declarations as required by the Audit and Risk Committee from time to time or for such periods as determined by them.

4.8.4 The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for monitoring of such IPTs, entered into during the current financial year pursuant to the IPT Mandate. The Group's internal auditor shall, on at least a half-yearly basis, subject to adjustment in frequency, and depending on factors such as, *inter alia,* substantial increment of aggregate transactional value, report to the Audit and Risk Committee on all IPTs, and the basis of such transactions, entered into with the Interested Persons during the preceding period.

4.8.5 The Audit and Risk Committee shall periodically review the Interested Person Transactions Register, at least on a half-yearly basis, to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the IPT Mandate. In its review and/or approval of the IPTs under paragraph 4.7 (where relevant) and in this paragraph 4.8, the Audit and Risk Committee will generally only approve an IPT if the terms of the transaction are no less favourable to the Group and its Associated Companies than the terms offered by unrelated third parties or in accordance with usual business practices and pricing policies or industry norms (as the case may be). All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit and Risk Committee. The Audit and Risk Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review.

4.8.6 The Audit and Risk Committee has the overall responsibility for determining the review procedures, with the authority to delegate to individuals within the Company as it deems appropriate. The Audit and Risk Committee will conduct periodic reviews (of not more than half-year intervals) of the review procedures for the IPTs. If, during these periodic reviews, the Audit and Risk Committee is of the view that these review procedures are no longer appropriate to ensure that the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and/or its minority Shareholders, the Company will seek a fresh mandate from the Shareholders based on new review procedures for IPTs.

4.8.7 The Audit and Risk Committee will review (i) the letters of confirmation from key management personnel, the Controlling Shareholders and the Directors of the Company and (ii) all IPTs, on a periodic basis (of not more than half-year intervals) and the outcome of such review shall be minuted.

4.8.8 For purposes of the above review and approval process, any Director who is not considered independent for purposes of the IPT Mandate and/or any IPTs will abstain from and will undertake to ensure that his Associates will abstain from voting in relation to any respective resolutions, and/or abstain from participating in the Audit and Risk Committee's decision during its review of the established review procedures for the IPTs or during its review or approval of any IPT.

4.8.9 The Directors will ensure that all disclosure, approval and other requirements on the IPTs, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with.

4.9 <u>Validity Period of the IPT Mandate</u>

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

4.10 <u>Disclosure of the Interested Person Transactions pursuant to the IPT Mandate</u>

The Company will:

(a) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to Rule 705 of the Catalist Rules and within the time required for the announcement of such report while the IPT Mandate remains in force, in accordance with the requirements of Chapter 9 of the Catalist Rules; and

(b) disclose the IPT Mandate in the Company's annual report, giving details of the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year, and in the annual reports for the subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

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

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

6. SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

Directors	Direct Interest	%	Deemed Interest	%
Tjioe Ka Men	442,960	0.16	107,170,840**	39.06
Tjioe Ka In	105,840	0.04	104,272,000*	38.00
Ker Sin Tze	–	–	–	–
Tan Eng Liang	–	–	–	–
Chee Wai Pong	–	–	–	–
Ng Siok Keow	–	–	–	–
Goi Seng Hui	–	–	49,975,280+	18.21

Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Zhou Holdings Pte Ltd	104,272,000	38.00	–	–
Amazing Grace Investments Pte. Ltd.	–	–	104,272,000*	38.00
Estate of Zhou Yingnan, Deceased	–	–	104,272,000*	38.00
Sugiono Wiyono Sugialam	–	–	104,272,000*	38.00
Tres Maria Capital Ltd	–	–	104,272,000*	38.00
Tjioe Ka Men	442,960	0.16	107,170,840**	39.06
Tjioe Ka In	105,840	0.04	104,272,000*	38.00
Goodview Properties Pte Ltd	52,857,280	19.26	–	–
Far East Organization Centre Pte Ltd	–	–	52,857,280#	19.26
Mdm Tan Kim Choo	–	–	53,323,760##	19.43
Estate of Ng Teng Fong, Deceased	–	–	53,323,760###	19.43
Tee Yih Jia Food Manufacturing Pte Ltd	49,975,280	18.21	–	–
Goi Seng Hui	–	–	49,975,280+	18.21
Antica Bay Pte. Ltd.	20,300,000	7.40	–	–
Andre Tanoto	–	–	20,300,000@	7.40

Notes:

* Deemed to be interested in the 104,272,000 Shares held by Zhou Holdings Pte Ltd by virtue of Section 7 of the Act

** Deemed to be interested in the 104,272,000 Shares held by Zhou Holdings Pte Ltd and 2,898,840 Shares held by Ang Tjia Leng @ Widjaja Linda Anggraini (spouse) by virtue of Section 7 of the Act

\+ Deemed to be interested in the 49,975,280 Shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of Section 7 of the Act

\# Deemed to be interested in the 52,857,280 Shares held by Goodview Properties Pte Ltd by virtue of Section 7 of the Act

\## Deemed to be interested in the 52,857,280 Shares held by Goodview Properties Pte Ltd as her associate, the Estate of Ng Teng Fong, Deceased, has a controlling interest in Far East Organization Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd; and 466,480 Shares held by Kuang Ming Investments Pte. Ltd. by virtue of she having more than 20% interest in Kuang Ming Investments Pte. Ltd. by virtue of Section 7 of the Act

Deemed to be interested in the 52,857,280 Shares held by Goodview Properties Pte Ltd by virtue of its controlling interest in Far East Organization Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd; and 466,480 Shares held by Kuang Ming Investments Pte. Ltd. as its associate, Mdm Tan Kim Choo, has more than 20% interest in Kuang Ming Investments Pte. Ltd. by virtue of Section 7 of the Act

@ Deemed to be interested in the 20,300,000 Shares held by Antica Bay Pte. Ltd. by virtue of Section 7 of the Act

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

7. STATEMENT OF THE AUDIT AND RISK COMMITTEE

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

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

8. UNAFFECTED DIRECTORS' RECOMMENDATIONS

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

9. ABSTENTION FROM VOTING

Abstinence from voting

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

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

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 1 Sophia Road #05-03, Peace Centre, Singapore 228149 during normal business hours from the date hereof up to and including the date of the AGM:

(a) the Constitution of the Company; and

(b) the Annual Report of the Company for FY2016.

Yours faithfully

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

Tung Lok Restaurants (2000) Ltd

(Incorporated in the Republic of Singapore)
Registration No. 200005703N

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

Proxy Form

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name)

______________________________ (NRIC/Passport/Company Registration No.)

of ______________________________ (Address) being a member/

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Company to be held at Orchard Parade Hotel, 1 Tanglin Road, Level 2, Antica Ballroom, Singapore 247905 on Thursday, 28 July 2016 at 11.00 a.m. and at any adjournment thereof.

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

Resolution No.		For	Against
1	Receive Directors' Statement, Audited Financial Statements and Auditors' Report		
2	Approval of Directors' Fees for the financial year ended 31 March 2016		
3	Approval of Directors' Fees for the financial year ending 31 March 2017		
4(a)	Re-election of Mdm Ng Siok Keow as a Director		
4(b)	Re-election of Mdm Tjioe Ka In as a Director		
5	Re-appointment of Dr Tan Eng Liang as a Director		
6	Re-appointment of Dr Ker Sin Tze as a Director		
7	Re-appointment of Auditors		
8	Authority to Issue Shares (General)		
9	Renewal of the Shareholders' Mandate for Interested Person Transactions		

Dated this ________ day of ____________ 2016

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

____

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

IMPORTANT: Please read notes overleaf

NOTES:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Chapter 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his stead at the Annual General Meeting. Such proxy need not be a member of the Company.

3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

    (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

    (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

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

4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. 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 72 hours before the time appointed for the Annual General Meeting. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy should be revoked.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

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

8. 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 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 July 2016.

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Company Registraton No. 200005703N