

色香味俱全

Serving up  
a multitude  
of flavours!



**Thai Village Holdings Ltd**  
Company Registration No.199905141N

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#01-2536 Singapore 534409  
Tel: 65 64876182 Fax: 65 64876183  
[www.thaivillagerestaurant.com.sg](http://www.thaivillagerestaurant.com.sg)



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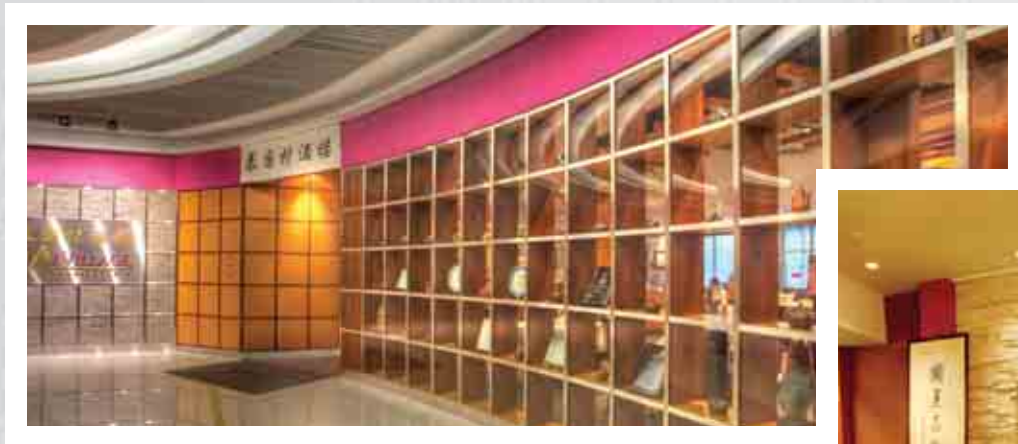


# An Enticing Spread





# Experience Thai Village



A vital ingredient to our business is our deep-seated commitment to offer the best food and service in all our restaurants. Upholding a tradition of goodness, we believe that consistency is the key to meet our customer's expectations.

Thai Village Holdings Ltd, together with our subsidiaries, manages two key business segments – restaurant operations and restaurant management services. To date, we proudly own a chain of 5 self-managed restaurants and 9 franchise restaurants, catering to the expectations of discerning palates of sophisticated consumers.

Established in 1991 with our flagship Thai Village Sharksfin Restaurant in Singapore, we have grown steadily in regional capacity to become a benchmark for exquisite Thai-Teochew cuisine in Singapore, China, Vietnam and Indonesia. Our signature dish, the Braised Superior Shark's Fin soup, is served at all Thai Village restaurants. Today, we continue to whet appetites with our finest ingredients, delicate taste and outstanding service in the region, serving up Thai-Teochew delicacies to our customers.

# Chairman and Managing Director's Message

**Mr Lee Tong Soon**  
Managing Director



**Dr John Chen Seow Phun**  
Executive Chairman



## Dear Shareholders

It has been another challenging year for Thai Village. 2013 saw a shift in consumption habits in markets we operate in, coupled with official curbs on expenditure in China. Despite these factors, the Group has reacted with admirable decisiveness and adapted to market conditions with strategic measures.

Across the Group, revenue decreased by 16% from \$25.9 million in FY2012 to about \$21.7 million in FY2013. This was brought about by a decrease in demand throughout the region as well as the austerity drive initiated by the China government.

In China, revenue decreased from \$9.6 million in FY2012 to \$6.1 million in FY2013. In Singapore, revenue decreased from \$16.2 million in FY2012 to \$15.6 million in FY2013.

Despite China reporting a loss of \$500,000, the Group still recorded net profits of \$1.3 million for the year under review, compared to a \$1.6 million profit for the preceding year. This is attributable to loan interest income and better cost



# Chairman and Managing Director's Message



management which led to a decrease of raw material cost by 19% to \$7.3 million. Through lowering directors' remuneration and manpower overheads, personnel costs decreased by 11% to \$7.9 million.

Franchise income fell by \$100,000 in China but this was offset by healthy performance in our Indonesia and Vietnam outlets.

## Outlook & Strategy

Moving forward, the group will expand its capability and make strategic foray into property development and investments across Asia.

In line with our expansionary outlook, the company has entered into a conditional placement agreement to increase our capital by \$24.8 million. To spearhead these initiatives, the Group intends to boost its senior management team with the appointment of two directors with extensive experience and proven credentials in the relevant fields.

This strategic diversification plan is a timely one, given that the projected global economic climate is one of volatility and uncertainty. Analysts are still conservative in their assessment of Western economies. In America,

economic recovery remains slow. Even China has seen a slow-down in growth. In response to this, analysts in Singapore and the region have adjusted their economic numbers to a more realistic rate. On a positive note, there is a shortage of suitable commercial properties around the region which opens up an opportunity for the Group to move into this new market.

In the area of labour, the Group will continue to lower our dependence on foreign labour in response to the government's measures to control foreign labour. We have implemented different ways to attract local employees through better incentives as well as taken steps to increase productivity.

To address the changing dining habits of our patrons, plans are already underway to diversify our cuisine and menus to retain our existing patrons as well as attract new potential customers.



### Dividend

In line with our transformation, we are proposing that the profits accrued in FY2013 be reinvested and no dividends will be paid at our upcoming Annual General Meeting.

### Conclusion

2013 has seen both challenges and exciting new development for the Group. We believe that our timely diversification plans have laid the foundation for a brighter future for the Group and its shareholders. On behalf of the Board, we would like to express our appreciation to our management and staff for their dedication and unwavering focus. We would also like to thank our business partners and shareholders for their continued support. Let us gear up for a better year ahead.

Dr John Chen, Executive Chairman  
Mr Lee Tong Soon, Managing Director





# Operations Review



## Turnover and Earnings

Total revenue of the Group declined by approximately \$4.1m mainly due to the decrease in high-end F&B spending in the PRC and disposal of the City outlet in Shanghai. Cost of raw materials used decreased by approximately \$1.7m as a result of decrease in sales and better management of raw material costs. Personnel costs decreased by approximately \$1.0m mainly due to lower directors remuneration and lesser number of staff employed. Depreciation expenses decreased by approximately \$0.1m as there was no significant additions to property, plant and equipment ("PPE") during the financial year.

Other operating costs decreased by approximately \$0.4m mainly due to reversal of impairment loss on PPE and closure of the City outlet. Profit after tax ("PAT") decreased

by approximately \$0.3m as compared to the previous year as a result of lower sales partially offset by increase in loan interest income.

## Singapore

Revenue from Singapore operations decreased by approximately \$0.6m as compared to the previous year mainly due to keen competition in the F&B industry. Gross profit margin improved slightly as a result of better control of raw material costs. The marginal decrease in PAT from restaurant operations was offset by significant increase in interest income earned during the financial year.

## People's Republic of China

Revenue from the PRC operations decreased by approximately \$3.5m as compared to the previous year, mainly due to lower sales achieved by the outlets in Shanghai as a result of decreased high-end F&B spending and disposal of the City outlet. Previous year PAT from restaurant operations of \$0.6m turned into a loss of \$0.5m in the current year mainly due to lower sales.



## Franchise operations

Royalty income from franchise outlets in Vietnam and Indonesia remained stable but royalty income from China decreased by approximately \$0.1m. The Group now has 6 franchise outlets in China, 2 franchise outlets in Vietnam and 1 franchise outlet in Indonesia.

## Human Resource Management

Training has always been an integral part of our talent management programmes. However, with the increasing 'skilled labour crunch' becoming a global phenomenon, training to increase staff productivity has assumed even greater importance in every country that the Group has a physical presence in.

In Singapore for example, even before the recent acts by the government to curtail the dependence on foreign labour, we were already raising the productivity of our staff by sending them to programmes offered by the Ministry of Manpower. These include the Skills Programme for Upgrading and Resilience (SPUR) that improves their culinary and soft skills.

By being a Certified On-the-Job Training Centre for the Institute of Technical Education, the Group ensures that

our staff do not have to leave our premises to receive training and certification.

Employees at management level have also been sent for certified training in the relevant fields. This is to ensure that management and leaders remain up-to-date and relevant.

This commitment to regular training for our management and staff does more than increase their productivity. It is also a proven way of boosting their job satisfaction.



## Balance Sheet and Cash Flow

Non-current assets decreased by approximately \$2.7m mainly due to reclassification of \$2.1m derivative assets and investment loan receivable from non-current assets to current assets. PPE decreased by approximately \$0.6m as a result of \$0.9m depreciation charges partially offset by additions to PPE of approximately \$0.3m.

Current assets increased by approximately \$2.4m mainly due to \$2.8m increase in derivative assets and investment loan receivable as a result of \$2.1m reclassification from non-current assets and \$0.7m investment loan interest income and fair value gain recognised during the year. Other debtors increased by approximately \$0.7m mainly due to \$0.6m short term loan interest income earned during the financial year. The \$4.0m short term loan granted during the year was funded by fixed deposits. Current liabilities of approximately \$4.7m remained unchanged.

Net cash flow generated from operating activities decreased by approximately \$1.4m mainly due to lower sales. Net decrease in cash and cash equivalents of approximately \$5.4m was mainly due to a \$4.0m short term loan provided to a logistic facilities project during the year and \$1.6m dividend payment to shareholders during the year.



# A Melting Pot Of Talents



Dr John Chen Seow Phun

## **Dr. JOHN CHEN SEOW PHUN**

Executive Chairman

He was appointed as an Independent Director of the Company in December 2001 and was re-designated as Executive Chairman on 1 May 2012. He was the Assistant Secretary General of the NTUC from 1991 to 1997 and served as the Deputy Chairman and Managing Director of the NTUC Healthcare Co-op Ltd from 1992 to 1997. Dr Chen was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, he was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development. Prior to joining the Government in 1997, Dr Chen has served as a Board Member of the Economic Development Board, the Housing and Development Board, the Port of Singapore Authority and Singapore Power Ltd. Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada. He taught at the National University of Singapore from 1983 to 1991.



Mr Lee Tong Soon

## **MR LEE TONG SOON**

Managing Director

He is responsible for the overall management and business development of the Group. Mr Lee is one of the founding shareholders of Thai Village Sharksfin Restaurant Pte Ltd ("TVSR") and has been the Managing Director of TVSR since its incorporation in 1995. He has been instrumental in the Group's expansion and has been shaping the development and growth of the Group's operations since 1991. Prior to founding the Group, Mr Lee was an estate officer with the Housing Development Board from 1983 to 1990. He joined McDonald's Restaurants Pte Ltd as a real estate manager from 1990 to 1991 where he was responsible for finding new locations for new McDonald's restaurants. Mr Lee holds a Bachelor Degree in Arts and Social Science from the National University of Singapore.



Mr Kok Nyong Patt

## **MR KOK NYONG PATT**

Executive Director

He is one of the founding shareholders of the TVSR and has been a director since its inception in 1995. His areas of responsibilities include business development, business strategy and planning, human resource management and business administration. Prior to joining the Group in 1992, Mr Kok was a petroleum cargo officer with Hong Lam Shipping Pte Ltd from 1986 to 1992.





Mr Hoon Tai Meng

### MR HOON TAI MENG

Independent Director

He was appointed an Independent Director of the Company on 1 February 2011. He is currently an executive director of Chip Eng Seng Corporation Ltd and formerly a partner with M/s KhattarWong. Besides having around 15 years of experience in legal practice, he also has approximately 20 years of experience in financial planning and management, audit and tax functions. He has a Bachelor of Commerce Degree in Accountancy from the Nanyang University and a LLB (Honours) from the University of London. Tai Meng is a Fellow of the Chartered Institute of Management Accountants (United Kingdom), a Fellow of the Association of Chartered Certified Accountants (United Kingdom), a Fellow Certified Public Accountant (Singapore) and a Barrister-at-Law (Middle Temple, United Kingdom). He is also an Independent Director of Sin Ghee Huat Corporation Ltd.



Ms Julia Kwok Yung Chu

### MS JULIA KWOK YUNG CHU

Independent Director

She was appointed on 1 December 2007. A Certified Practising Accountant of CPA Australia and Practising Management Consultant, Ms Julia Kwok holds a Bachelor of Economics from Monash University and has many years of professional accounting and management experience. Ms Julia Kwok has been the Financial Controller responsible for finance and management functions for the Thai Village Group of Companies from 1999 to 30 September 2007. Prior to joining the Group in 1999, she has held various accounting positions with companies including Shell International Trading Company, Daly Smith Corporation Pty Ltd, IPL Daltron Sydney, Sembawang Industrial Manufacturing Pte Ltd and Price Waterhouse. Ms Julia Kwok is currently a business and financial consultant to various clients of Olea Private Limited.



Mr Foo Der Rong

### MR FOO DER RONG

Independent Director

Mr Foo was appointed an Independent Director of the Company on 1 May 2012. He graduated with a Bachelor of Commerce Degree from Nanyang University and has a wealth of experience and knowledge in business development, corporate restructuring, investment strategies and operations management in the FMCG, services and manufacturing industries.

Mr Foo is currently the Managing Director and Chief Executive Officer of Intraco Limited and a Non-Executive Director of Southern Lion Sdn Bhd. His previous appointments include being the Managing Director and Chief Executive Officer of Hanwell Holdings Limited (formerly known as PSC Corporation Limited) and Executive Director of Tat Seng Packaging Group Ltd, Intraco Limited and Sin Lian Holding Ltd.

He was the Vice-Chairman of Teck Ghee CC and is currently the Patron of Teck Ghee CC.

# Key Executives



## MR MAXTEIN OH KOK THAI

Group General Manager

He was appointed as Group General Manager on 1 May 2006 to oversee the Group operations including regional business development, human resource & administration as well as sales & marketing. He joined the Group in 1997 as Restaurant Manager and was promoted to Group Operations Manager in 2000 to oversee the operations in Singapore. He was posted to Beijing, China in 2001 as General Manager (Northern China's Operation) for setting up and managing the restaurants in Northern China and franchise operations in China. He was promoted to General Manager for China's Operation in 2004, based in Shanghai to oversee the operations in China. Prior to joining the Group, he has held managerial positions with Conrad International Centennial Singapore, Pondok Gurame Group of Restaurants, Jumbo Group of Restaurants, Yunnan Group of Restaurants and he has also worked with The Westin Stamford and The Westin Plaza. Mr. Oh is a graduate from American Hotel and Lodging Educational Institute in Hospitality Management and he holds a certificate in Advanced Certificate in Training And Assessment from Institute of Adult Learning Singapore. He is a Certified Industry Trainer and Assessor as well as a Certified WSQ Trainer and Assessor by Institute of Technical Education Singapore and Singapore Workforce Development Agency.

## MS VENETIA YONG CHIN CHING

Financial Controller

She was appointed on 1 October 2007. As the Financial Controller, Ms Yong is responsible for the finance and management reporting functions of the Group. She has many years of accounting and management experience. Prior to joining the Group in September 2006, she has held various finance and accounting positions within the Thakral Group of Companies and Acer Group of Companies and has also worked in audit. Ms Yong is ACCA qualified and a CPA Singapore.

## MR KENNY CHIANG KIAN NEE

General Manager (China Operation)

He is responsible for the operations and business development of the Group's subsidiaries and franchisees in the PRC. Prior to joining the Group in December 1999, Mr Chiang was a real estate manager with MLS Pro-Link Pte Ltd from 1995 to 1999. Mr Chiang also worked as a cargo officer with Hong Lam Bunkers Pte Ltd from 1992 to 1995 and as a chef with Hilton Hotel International Singapore from 1990 to 1992.



# Financial Highlights & Corporate Information

## BOARD OF DIRECTORS

Dr. John Chen Seow Phun (Executive Chairman)  
Mr Lee Tong Soon (Managing Director)  
Mr Kok Nyong Patt (Executive Director)  
Ms Julia Kwok Yung Chu (Independent Director)  
Mr Hoon Tai Meng (Independent Director)  
Mr Foo Der Rong (Independent Director)

## JOINT COMPANY SECRETARIES

Mr Chew Kok Liang  
Ms Loh Siew Lee

## REGISTERED OFFICE

Block 1002 Tai Seng Avenue  
#01-2536 Singapore 534409

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd  
50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623

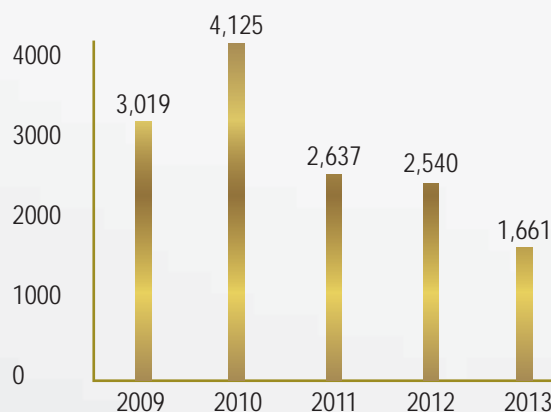
## AUDITORS

Ernst & Young LLP  
Partner in-charge: Ang Chuen Beng  
(Appointed since financial year ended 30 September 2010)

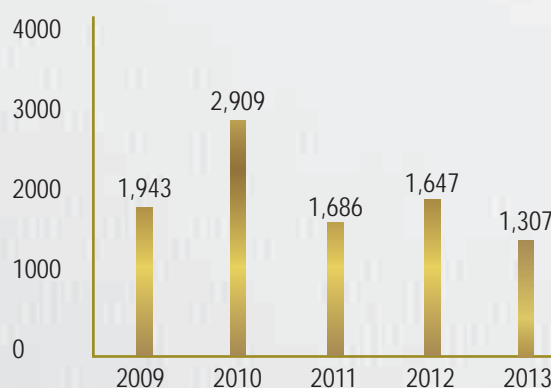
## PRINCIPAL BANKERS

United Overseas Bank Limited  
Malayan Banking Berhad  
CIMB Bank

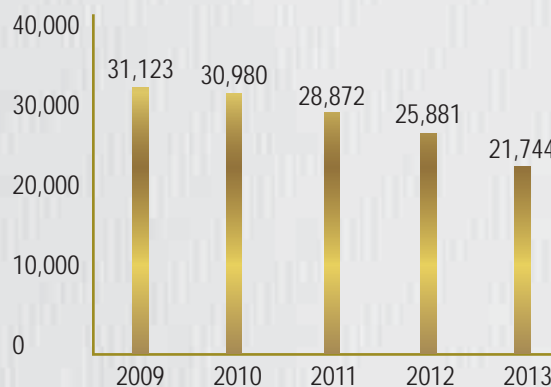
## PROFIT BEFORE TAXATION (\$'000)



## PROFIT AFTER TAXATION (\$'000)



## TURNOVER (\$'000)



# Our International Presence



## FRANCHISE RESTAURANTS

### CHINA (中国加盟店)

Shanghai 上海

奉贤南桥路1号

电话 : (86) 21-57429999-2188

国定东路237号 (金储广场北侧)

电话 : (86) 21-55221717

Hubei 湖北

武汉市汉口黄埔大街27号 (中原大酒店)

电话 : (86) 6882-9999

Anhui 安徽

合肥市高新区望江西路520号院通大厦裙楼

电话 : (86) 551-65994366

Beijing 北京

北京市丰台区六里桥风荷曲苑3号楼602

电话 : (86) 10-52731777

朝阳区劲松三区甲302号

华腾大厦二层206单元

电话 : (86) 10-87730088

## SELF-MANAGED RESTAURANTS

### SINGAPORE (新加坡分店)

Goodwood Park 良木园

22 Scotts Road, Goodwood Park Hotel

Singapore 228221

Tel: (65) 6440 8251 Fax: (65) 6440 0748

Singapore Indoor Stadium 新加坡室内体育馆

2 Stadium Walk, #01-02/03 Singapore Indoor Stadium

Singapore 397691

Tel: (65) 6440 2292 Fax: (65) 6440 7285

Jurong 裕廊

19 Yung Ho Road

Singapore 618592

Tel: (65) 6268 3885 Fax: (65) 6268 2006

### CHINA OUTLETS (中国分店)

Shanghai 上海

虹桥路2266号 (阳光大酒店内) 电话 : (86) 21-62627676

浦东潍坊路328号 (嘉瑞酒店内) 电话 : (86) 21-68548282

### VIETNAM (越南加盟店)

Ho Chi Minh City 胡志明市

38, Ly Tu Trong street, Ben Nghe Ward, District 1

Tel: (84) 8 8256704/5

Hanoi 河内

3B Le Thai To Street, Hang Trong Ward, Hoan Kiem District

Tei: (84) 4 3938 1168

### INDONESIA (印尼加盟店)

Surabaya 泗水

Mal Galaxy Lantai Satu, No. 107-109,

Jl. Dharmahusada Indah Timur 37, Surabaya 60115

Tel: (62) 31-5937368 Fax: (62) 31-5937298



# Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Thai Village Holdings 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 30 September 2013.

## Directors

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

Dr. John Chen Seow Phun  
Lee Tong Soon  
Kok Nyong Patt  
Julia Kwok Yung Chu  
Hoon Tai Meng  
Foo Der Rong

In accordance with Articles 107 and 117 of the Company's Articles of Association, Hoon Tai Meng and Julia Kwok Yung Chu, retire and, being eligible, offer themselves for re-election.

## 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 (the "Act"), Cap. 50, interests in the shares of the Company, as stated below:

	Direct interests			Deemed interests		
	1.10.2012	30.9.2013	21.10.2013	1.10.2012	30.9.2013	21.10.2013
<b>The Company</b>						
Lee Tong Soon	23,528,226	23,528,226	23,528,226	12,500 <sup>(1)</sup>	12,500 <sup>(1)</sup>	12,500 <sup>(1)</sup>
Kok Nyong Patt	22,815,225	22,815,225	22,815,225	12,500 <sup>(2)</sup>	12,500 <sup>(2)</sup>	12,500 <sup>(2)</sup>
Dr. John Chen Seow Phun	–	–	–	22,315,225 <sup>(3)</sup>	22,315,225 <sup>(3)</sup>	22,315,225 <sup>(3)</sup>
Julia Kwok Yung Chu	55,000	55,000	55,000	–	–	–

Note :

- (1) 12,500 (2012: 12,500) shares are held in the name of Lim Teck Eng, who is the spouse of Lee Tong Soon;
- (2) 12,500 (2012: 12,500) shares are held in the name of Ho Choy Pheng, who is the spouse of Kok Nyong Patt;
- (3) 62,500 (2012: 62,500) shares are held in the name of Lim Kok Huang, who is the spouse of Dr. John Chen Seow Phun. 22,252,725 (2012: 22,252,725) shares are held in the name of Unigold Asia Limited, which is wholly owned by Dr. John Chen Seow Phun.



# Directors' Report

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

Except as disclosed in this report, no other 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, or on 21 October 2013.

## Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## Share options

There is presently no option scheme on unissued shares of the Company.

## Audit Committee

The Audit Committee ("AC") carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following :

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the half-yearly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of directors;
- Reviews the cost effectiveness, independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the Board of directors the external auditors to be nominated, and reviews the scope and results of the audit;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management via reviews carried out by the internal auditors;
- Reviews 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;
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual;





### **Audit Committee (cont'd)**

- Meets with the external auditors and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC; and
- Reports actions and minutes of the AC to the Board of directors with such recommendations as the AC considers appropriate.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with the external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

### **Auditors**

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

On behalf of the Board of directors:

Lee Tong Soon  
Managing Director

Kok Nyong Patt  
Executive Director

Singapore  
2 December 2013

# Statement by Directors

We, Lee Tong Soon and Kok Nyong Patt, being two of the directors of Thai Village Holdings Ltd (the “Company”), do hereby state that, in the opinion of the directors:-

- (i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement, together with notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2013, and the results of the business, changes in equity and cash flows of the Group, and the changes in equity of the Company for the financial year then 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.

On behalf of the Board of directors:

Lee Tong Soon  
Managing Director

Kok Nyong Patt  
Executive Director

Singapore  
2 December 2013



# Independent Auditors' Report

to the Members of Thai Village Holdings Ltd

## Report on the financial statements

We have audited the accompanying financial statements of Thai Village Holdings Ltd (the “Company”) and its subsidiaries (collectively, the “Group”) set out on pages 19 to 70, which comprise the balance sheets of the Group and the Company as at 30 September 2013, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management’s responsibility for the financial statements*

Management is responsible for the preparation of 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

### *Auditors’ responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s 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 the 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 state of affairs of the Group and of the Company as at 30 September 2013 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.



# Independent Auditors' Report

to the Members of Thai Village Holdings Ltd (*cont'd*)

## Report on other legal and regulatory requirements

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

Ernst & Young LLP  
Public Accountants and Chartered Accountants

Singapore  
2 December 2013





# Balance Sheets

as at 30 September 2013

	Note	Group		Company	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	2,451	3,010	–	–
Investment in unquoted equity shares	5	–	–	–	–
Investments in subsidiaries	6	–	–	2,061	2,061
Loan receivables	7	–	1,375	–	1,375
Derivative asset	8	–	764	–	764
Deposits	11	552	613	–	–
Other debtors	11	80	–	80	–
		<u>3,083</u>	<u>5,762</u>	<u>2,141</u>	<u>4,200</u>
<b>Current assets</b>					
Loan receivables	7	5,856	–	5,856	–
Derivative asset	8	948	–	948	–
Stocks	9	1,979	2,066	–	–
Trade debtors	10	116	106	17	16
Other debtors	11	855	182	667	20
Deposits	11	300	74	–	–
Prepayments		74	153	13	10
Amounts due from subsidiaries (trade)	12	–	–	1,311	1,829
Amounts due from subsidiaries (non-trade)	12	–	–	2,470	2,780
Cash and cash equivalents	13	10,303	15,457	4,859	9,261
		<u>20,431</u>	<u>18,038</u>	<u>16,141</u>	<u>13,916</u>
<b>Total assets</b>		<u>23,514</u>	<u>23,800</u>	<u>18,282</u>	<u>18,116</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade creditors	14	948	417	–	–
Other creditors and accruals	15	1,350	1,437	286	394
Provisions	15	110	–	–	–
Franchise deposits	15	50	60	50	60
Deferred rental income	15	15	26	–	–
Deferred revenue	15	1,678	1,760	–	–
Amounts due to directors	16	235	421	235	421
Income tax payable		350	551	158	199
		<u>4,736</u>	<u>4,672</u>	<u>729</u>	<u>1,074</u>
<b>Net current assets</b>		<u>15,695</u>	<u>13,366</u>	<u>15,412</u>	<u>12,842</u>
<b>Non-current liabilities</b>					
Deferred rental income	15	33	–	–	–
Franchise deposits	15	100	130	100	130
Provisions	15	–	110	–	–
Deferred tax liabilities	17	110	125	–	–
		<u>243</u>	<u>365</u>	<u>100</u>	<u>130</u>
<b>Total liabilities</b>		<u>4,979</u>	<u>5,037</u>	<u>829</u>	<u>1,204</u>
<b>Net assets</b>		<u>18,535</u>	<u>18,763</u>	<u>17,453</u>	<u>16,912</u>

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



# Balance Sheets

as at 30 September 2013 (cont'd)

		Group		Company	
	Note	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
EQUITY AND LIABILITIES (CONT'D)					
Equity attributable to owners of the Company					
Share capital	18	14,593	14,593	14,593	14,593
Statutory reserve	19	684	733	—	—
Foreign currency translation reserve	20	(259)	(386)	—	—
Revenue reserve		3,475	3,781	2,860	2,319
		18,493	18,721	17,453	16,912
Non-controlling interests		42	42	—	—
Total equity		18,535	18,763	17,453	16,912
Total equity and liabilities		23,514	23,800	18,282	18,116

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



# Consolidated Statement of Comprehensive Income

for the financial year ended 30 September 2013

		<b>Group</b>	
	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	21	21,744	25,881
<b>Other items of income</b>			
Interest income	22	1,227	279
Other income	23	316	1,389
<b>Items of expenses</b>			
Raw materials and changes in inventories		(7,286)	(8,999)
Employee benefits expenses	24	(7,932)	(8,926)
Depreciation expense	4	(907)	(1,041)
Net foreign exchange gain/(loss)		68	(60)
Other expenses		(5,569)	(5,983)
<b>Profit before taxation</b>	25	1,661	2,540
Income tax expense	26	(354)	(893)
<b>Profit for the financial year attributable to owners of the Company</b>		<u>1,307</u>	<u>1,647</u>
<b>Other comprehensive income:</b>			
Foreign currency translation		127	(118)
<b>Other comprehensive income for the financial year, net of tax</b>		<u>127</u>	<u>(118)</u>
<b>Total comprehensive income for the financial year attributable to owners of the Company</b>		<u>1,434</u>	<u>1,529</u>
<b>Earnings per share attributable to owners of the Company (cents per share)</b>			
Basic	27	<u>0.63</u>	<u>0.79</u>
Diluted	27	<u>0.63</u>	<u>0.79</u>

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



# Statements of Changes in Equity

for the financial year ended 30 September 2013

Group	Note	Attributable to owners of the Company					Non-controlling interests \$'000	Total equity \$'000
		Share capital (Note 18) \$'000	Statutory reserve (Note 19) \$'000	Revenue reserve \$'000	Foreign currency translation reserve (Note 20) \$'000	Total equity attributable to owners of the Company \$'000		
<b>2013</b>								
<b>Balance as at 1 October 2012</b>		14,593	733	3,781	(386)	18,721	42	18,763
Profit for the financial year		–	–	1,307	–	1,307	–	1,307
<u>Other comprehensive income</u>								
Foreign currency translation		–	–	–	127	127	–	127
<b>Total other comprehensive income for the financial year, net of tax</b>		–	–	–	127	127	–	127
<b>Total comprehensive income for the financial year</b>		–	–	1,307	127	1,434	–	1,434
<u>Contributions by and distributions to owners</u>								
Dividends on ordinary shares	28	–	–	(1,662)	–	(1,662)	–	(1,662)
<b>Total contributions by and distributions to owners</b>		–	–	(1,662)	–	(1,662)	–	(1,662)
<u>Others</u>								
Transfer from statutory reserve		–	(49)	49	–	–	–	–
<b>Total others</b>		–	(49)	49	–	–	–	–
<b>Balance as at 30 September 2013</b>		14,593	684	3,475	(259)	18,493	42	18,535
<b>2012</b>								
<b>Balance as at 1 October 2011</b>		14,593	733	3,796	(268)	18,854	42	18,896
Profit for the financial year		–	–	1,647	–	1,647	–	1,647
<u>Other comprehensive income</u>								
Foreign currency translation		–	–	–	(118)	(118)	–	(118)
<b>Total other comprehensive income for the financial year, net of tax</b>		–	–	–	(118)	(118)	–	(118)
<b>Total comprehensive income for the financial year</b>		–	–	1,647	(118)	1,529	–	1,529
<u>Contributions by and distributions to owners</u>								
Dividends on ordinary shares	28	–	–	(1,662)	–	(1,662)	–	(1,662)
<b>Total contributions by and distributions to owners</b>		–	–	(1,662)	–	(1,662)	–	(1,662)
<b>Balance as at 30 September 2012</b>		14,593	733	3,781	(386)	18,721	42	18,763

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



# Statements of Changes in Equity

for the financial year ended 30 September 2013 (cont'd)

Company	Note	Share capital (Note 18) \$'000	Revenue reserve \$'000	Total equity \$'000
<b>2013</b>				
Balance as at 1 October 2012		14,593	2,319	16,912
Profit for the financial year, representing total comprehensive income for the financial year		–	2,203	2,203
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares	28	–	(1,662)	(1,662)
<b>Total contributions by and distribution to owners</b>		–	(1,662)	(1,662)
<b>Balance as at 30 September 2013</b>		<b>14,593</b>	<b>2,860</b>	<b>17,453</b>
<b>2012</b>				
Balance as at 1 October 2011		14,593	1,668	16,261
Profit for the financial year, representing total comprehensive income for the financial year		–	2,313	2,313
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares	28	–	(1,662)	(1,662)
<b>Total contributions by and distribution to owners</b>		–	(1,662)	(1,662)
<b>Balance as at 30 September 2012</b>		<b>14,593</b>	<b>2,319</b>	<b>16,912</b>

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



# Consolidated Cash Flow Statement

for the financial year ended 30 September 2013

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	1,661	2,540
<u>Adjustments for:</u>		
Bad debts recovered	–	(5)
Gain on disposal of subsidiary	(2)	–
Trade Debtors written off	214	–
Impairment loss on trade debtors	100	12
Impairment loss on other debtors	27	–
(Write back of impairment loss)/impairment loss on property, plant and equipment	(58)	58
Depreciation of property, plant and equipment	907	1,041
Property, plant and equipment written off	4	7
Interest income	(1,227)	(279)
Gain on disposal of property, plant and equipment	–	(267)
Personnel costs – benefits in kind	–	363
Fair value gain on derivative asset	(184)	(40)
Exchange differences	(155)	138
	<u>1,287</u>	<u>3,568</u>
<b>Operating cash flows before changes in working capital</b>		
<u>Changes in working capital:</u>		
Decrease in stocks	87	228
(Increase)/decrease in trade debtors	(324)	21
(Increase)/decrease in other debtors, deposits and prepayments	(275)	64
Increase/(decrease) in trade creditors	531	(918)
Decrease in other creditors and accruals, franchise deposits, deferred rental income, and deferred revenue	(134)	(376)
(Decrease)/increase in amounts due to directors	(186)	63
	<u>986</u>	<u>2,650</u>
<b>Cash flows generated from operations</b>		
Taxes paid	(623)	(914)
	<u>363</u>	<u>1,736</u>
<b>Net cash flows generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Interest received	155	197
Purchase of property, plant and equipment	(274)	(1,415)
Net cash inflow from disposal of a subsidiary	2	332
Loan receivables	(4,000)	(2,000)
	<u>(4,117)</u>	<u>(2,886)</u>
<b>Net cash flow used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Payment of dividends to shareholders	(1,662)	(1,662)
	<u>(1,662)</u>	<u>(1,662)</u>
<b>Net cash flows used in financing activities</b>		
<b>Net decrease in cash and cash equivalents</b>	<u>(5,416)</u>	<u>(2,812)</u>
Effect of exchange rate changes on cash and cash equivalents	262	(236)
Cash and cash equivalents at beginning of financial year	15,457	18,505
Cash and cash equivalents at end of financial year (Note 13)	<u>10,303</u>	<u>15,457</u>

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



# Notes to the Financial Statements

– 30 September 2013

## 1. Corporate information

Thai Village Holdings Ltd (the “Company”) is a limited liability company incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited. The registered office and principal place of business of the Company is located at Block 1002 Tai Seng Avenue #01-2536, Singapore 534409.

The principal activities of the Company are those of investment holding, franchising, and the provision of management services to its subsidiaries. There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the subsidiaries are as shown in Note 6 to the financial statements.

Related companies in these financial statements refer to the companies within Thai Village Holdings Ltd group of companies.

## 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 “\$”) and all values are rounded to the nearest thousand (\$’000) as indicated.

### 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 periods beginning on or after 1 October 2012. 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 and interpretations that have been issued but not yet effective:



# Notes to the Financial Statements

– 30 September 2013 (cont'd)

## 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
Revised FRS 19 <i>Employee Benefits</i>	1 January 2013
FRS 113 <i>Fair Value Measurement</i>	1 January 2013
Amendments to FRS 107 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Improvements to FRSs 2012	1 January 2013
– Amendment to FRS 1 <i>Presentation of Financial Statements</i>	1 January 2013
– Amendment to FRS 16 <i>Property, Plant and Equipment</i>	1 January 2013
– Amendment to FRS 32 <i>Financial Instruments: Presentation</i>	1 January 2013
Revised FRS 27 <i>Separate Financial Statements</i>	1 January 2014
Revised FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 111 <i>Joint Arrangements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 32 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

The directors expect that the adoption of the other standards and interpretations 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

##### Basis of consolidation from 1 October 2009

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The accounting year-end of the subsidiaries incorporated in the People's Republic of China is 31 December which is not co-terminous with that of the holding company, Thai Village Holdings Ltd. The consolidated financial statements are prepared based on the management accounts of these subsidiaries for the 12 months ended 30 September 2013. 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.



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

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

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

##### Basis of consolidation from 1 October 2009 (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.

##### Basis of consolidation prior to 1 October 2009

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 October 2009 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 October 2009 have not been restated.

#### (b) Business combinations

##### Business combinations from 1 October 2009

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.



# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

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

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

#### (b) Business combinations (*cont'd*)

##### Business combinations from 1 October 2009 (*cont'd*)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), 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.

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.

##### Business combinations prior to 1 October 2009

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.



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

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

#### (b) Business combinations (cont'd)

##### Business combinations prior to 1 October 2009 (cont'd)

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

### 2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable 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 interests 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 Group's consolidated 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 determined.

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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.



# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

## 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 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use, and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold properties	–	over respective lease terms of 20 to 30 years
Furniture, fixtures and equipment	–	5 - 8 years
Kitchen and restaurant equipment	–	5 - 10 years
Motor vehicles	–	5 years
Computers	–	1 - 5 years
Operating supplies	–	5 years

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 values, useful lives and depreciation methods 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 derecognition of the asset is included in profit or loss in the year the asset is derecognised.



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

### **2.8 Investments in subsidiaries**

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

### **2.9 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. The Group does not have any financial assets designated as held-to-maturity.

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:

#### **(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.



# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

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

### 2.9 Financial assets (*cont'd*)

#### (b) **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. Loan and receivables include trade debtors, other debtors, deposits, amounts due from subsidiaries (trade and non-trade), cash and cash equivalents and loan receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

Available-for-sale financial assets include unquoted equity 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.

Investment in unquoted equity shares whose fair value cannot be reliably measured is measured at cost less any impairment loss.

### **Derecognition**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

### **Regular way purchase or sale of a financial asset**

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

### 2.10 Impairment of assets

The Group assesses at each reporting date whether there is any objective evidence that an asset or a group of assets is impaired.



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

### 2.10 Impairment of assets (cont'd)

#### (a) Impairment of financial assets

##### (i) 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 assets 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.

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.

##### (ii) 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 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

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

### 2.10 *Impairment of assets (cont'd)*

#### (b) *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 to sell 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. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset 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.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, and short-term fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Credit card transactions that process in less than seven days are classified as cash at bank.

### **2.12 Stocks**

Stocks are stated at the lower of cost and net realisable value. Costs incurred in bringing the stocks to their present location and condition are accounted for on a first-in, first-out basis. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of stocks to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

### **2.13 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.

### **2.14 Government grants**

Government grants relating to Special Employment Credit are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants related to income may be presented as a credit in profit or loss. Alternatively, they are deducted in reporting the related expenses.

### **2.15 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. The Group does not have any financial liabilities at fair value through profit or loss.



# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

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

### 2.15 Financial liabilities (*cont'd*)

#### **Subsequent measurement**

After initial recognition, other financial liabilities 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.

#### **Derecognition**

A financial liability is derecognised 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 derecognition 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.

### 2.16 Employee benefits

#### (a) **Defined contribution plans**

The Group participates in the national pension scheme as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension plans are recognised as an expense in the period in which the related service is performed.

#### (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.

### 2.17 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

#### **As lessee**

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. Summary of significant accounting policies (cont'd)

### 2.18 Revenue

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. The Group assesses its revenue arrangement to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised :-

(a) **Revenue from restaurant operations**

Revenue from restaurant operations is recognised upon the billing of food and beverage (inclusive of 10% service charge) to customers. Revenue represents the invoiced value of food and beverage, net of discounts and sales levy but inclusive of the 10% service charge.

(b) **Franchise and royalty fees**

Initial franchise income is recognised upon the grant of rights, completion of the designated phases of the franchise setup and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. Royalty fees from franchisees are recognised on a periodic basis as a percentage of the franchisees' revenue or a pre-determined amount in accordance with terms as stated in the franchise agreements.

(c) **Interest income**

Interest income is recognised using the effective interest method.

### 2.19 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 at the end of the reporting period, 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.



# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

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

### 2.19 Taxes (*cont'd*)

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

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, 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.

Deferred tax assets are recognised for all deductible temporary differences, 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, 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 assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



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

### 2.19 Taxes (cont'd)

#### (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 authorities, 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.

The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the balance sheets.

### 2.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segments and assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.21 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.



# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

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

### 2.22 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies :
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## 3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:



### **3. Significant accounting estimates and judgements (cont'd)**

#### **3.1 Judgements made in applying accounting policies (cont'd)**

##### ***Impairment of available-for-sale investment***

The Group evaluates, among other factors, the duration and extent to which the fair value of the financial asset is less than its cost, and the financial health of and near term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology, and operational and financing cash flows. When the fair value declines, management exercises judgement based on the observable data relating to the possible events that may have caused the decline in value to determine whether the decline in value is an impairment that should be recognised in profit or loss. There was no impairment loss recognised for available-for-sale financial assets for the financial year ended 30 September 2013 and 2012.

##### ***Determination of functional currency***

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

#### **3.2 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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### ***Fair value of financial instruments***

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in Note 33.

##### ***Useful lives of property, plant and equipment***

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 30 (2012: 1 to 30) years. Changes in the expected level of usage could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the end





# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

## 3. Significant accounting estimates and judgements (*cont'd*)

### 3.2 Key sources of estimation uncertainty (*cont'd*)

#### ***Useful lives of property, plant and equipment (*cont'd*)***

of each reporting period is disclosed in Note 4 to the financial statements. A 5% (2012: 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 3.3% (2012: 3.0%) variance in the Group's net profit for the financial year.

#### ***Impairment of non-financial assets***

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Impairment on property, plant and equipment is disclosed in Note 4 to the financial statements.

#### ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 10 to the financial statements.

#### ***Taxes***

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

The carrying amounts of the Group's and the Company's income tax payable as at 30 September 2013 are \$350,000 (2012: \$551,000) and \$158,000 (2012: \$199,000) respectively. The carrying amount of the Group's deferred tax liabilities as at 30 September 2013 is \$110,000 (2012: \$125,000).



#### 4. Property, plant and equipment

Group	Leasehold properties \$'000	Furniture, fixtures and equipment \$'000	Kitchen and restaurant equipment \$'000	Motor vehicles \$'000	Computers \$'000	Operating supplies \$'000	Total \$'000
<b>Cost</b>							
Balance as at 1 October 2011	2,812	5,982	977	1,244	309	15	11,339
Additions *	–	218	23	1,170	4	–	1,415
Disposals and write-offs	–	(21)	(35)	(1,074)	(44)	(13)	(1,187)
Translation differences	–	(129)	(17)	(6)	(3)	–	(155)
Balance as at 30 September and 1 October 2012	2,812	6,050	948	1,334	266	2	11,412
Additions*	–	142	45	–	87	–	274
Disposals and write-offs	–	(1,044)	(55)	–	(31)	–	(1,130)
Translation differences	–	107	15	6	3	–	131
Balance as at 30 September 2013	2,812	5,255	953	1,340	325	2	10,687
<b>Accumulated depreciation and impairment loss</b>							
Balance as at 1 October 2011	1,723	4,568	721	890	273	15	8,190
Charge for the financial year	99	630	61	229	22	–	1,041
Impairment loss	–	48	7	–	3	–	58
Disposals and write-offs	–	(15)	(29)	(647)	(44)	(13)	(748)
Translation differences	–	(116)	(15)	(5)	(3)	–	(139)
Balance as at 30 September and 1 October 2012	1,822	5,115	745	467	251	2	8,402
Charge for the financial year	99	490	56	231	31	–	907
Write back of impairment loss	–	(48)	(7)	–	(3)	–	(58)
Disposals and write-offs	–	(1,040)	(55)	–	(31)	–	(1,126)
Translation differences	–	84	19	7	1	–	111
Balance as at 30 September 2013	1,921	4,601	758	705	249	2	8,236
<b>Net carrying amount</b>							
Balance as at 30 September 2013	891	654	195	635	76	–	2,451
Balance as at 30 September 2012	990	935	203	867	15	–	3,010

\* Cash payments of \$274,000 (2012: \$1,415,000) were made to purchase property, plant and equipment during the financial year.

# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

## 4. Property, plant and equipment (*cont'd*)

### *Impairment of property, plant and equipment*

In the prior year, an impairment loss of \$58,000 was recognised on plant and equipment of a subsidiary of the Group that had been making operating losses. During the year, the impairment loss was written back as the subsidiary was disposed.

## 5. Investment in unquoted equity shares

	Group	
	2013	2012
	\$'000	\$'000
Available-for-sale financial assets:		
Unquoted equity shares, at cost	–	100
Impairment loss	–	(100)
	<u>–</u>	<u>–</u>

Unquoted equity shares are denominated in Singapore dollars.

Unquoted equity shares were measured at cost less accumulated impairment loss. The fair value cannot be reliably measured as these unquoted equity shares do not have quoted market prices in an active market and it is not practicable to determine the fair value using valuation models as the assumptions in these models cannot be reasonably determined.

During the year, the unquoted equity shares were disposed of to Restaurant Association of Singapore at a consideration of \$1.

## 6. Investments in subsidiaries

	Company	
	2013	2012
	\$'000	\$'000
Unquoted equity shares, at cost	<u>2,061</u>	<u>2,061</u>



## 6. Investments in subsidiaries (cont'd)

Details of the subsidiaries as at 30 September are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest		Cost of investment held by the Company	
			2013	2012	2013	2012
			%	%	\$'000	\$'000
<u>Held by the Company</u>						
Thai Village Restaurant Pte. Ltd. <sup>(1)</sup> (formerly known as Thai Village Sharksfin Restaurant Pte Ltd)	Operation of restaurants	Republic of Singapore	100	100	2,061	2,061
Thai Village Overseas Ventures Pte Ltd <sup>(1)</sup>	Investment holding	Republic of Singapore	100	100	@	@
Thai Village (China) Pte. Ltd. <sup>(1)</sup>	Investment holding	Republic of Singapore	100	100	@	@
					2,061	2,061

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest	
			2013	2012
			%	%
<u>Held through Thai Village Restaurant Pte. Ltd.</u>				
The Noodle Expert Pte. Ltd. <sup>(1)</sup> #	Dormant	Republic of Singapore	100	100
<u>Held through Thai Village (China) Pte. Ltd.</u>				
Shanghai Thai Village Restaurant Management Co., Ltd <sup>(2)</sup> ##	Operation and management of restaurants	People's Republic of China	93.75	93.75
Thai Village Restaurant (Shanghai) Co., Ltd <sup>(2)</sup>	Operation of restaurants	People's Republic of China	100	100



# Notes to the Financial Statements

– 30 September 2013 (cont'd)

## 6. Investments in subsidiaries (cont'd)

@ Cost of investment is less than \$1,000.

# On 2 November 2011, a subsidiary company, Thai Village Restaurant Pte. Ltd. ("TVR"), entered into a sale and purchase agreement to acquire all of the remaining shares of its subsidiary company, The Noodle Expert Pte. Ltd. ("TNE"), for a cash consideration of \$1. As a result, TNE became a wholly-owned subsidiary company of TVR. The principal activities of TNE are those of an operator of food and beverage outlet. Subsequently, TNE had ceased its business operations on 15 November 2011.

## A subsidiary, Thai Village Overseas Ventures Pte. Ltd. ("TVOV"), entered into a Co-operative Joint Venture ("CJV") Agreement with Shanghai Cheng QiaoZi Chan Jing Ying You Xian Gong Si ("SCQZCJY") for the setting up of a co-operative joint venture known as Shanghai Thai Village Restaurant Management Co., Ltd ("Shanghai TV RMC") in 2002. Under the relevant laws of the People's Republic of China, Shanghai TV RMC holds the status of a Chinese legal person and is recognised as TVOV's investment entity in the People's Republic of China. The investment in Shanghai TV RMC was transferred to Thai Village (China) Pte. Ltd. ("TVC") in 2005. Under the terms of the CJV Supplemental Agreement, TVC is entitled to receive all profits from Shanghai TV RMC after paying SCQZCJY a fixed sum of US\$20,000 annually regardless of whether profits are made for the year. The CJV Agreement also provides that TVC shall have control over Shanghai TV RMC's business operations. Other than the US\$20,000 return per annum and the original 6.25% capital injected, SCQZCJY will not be entitled to any share of assets and liabilities of Shanghai TV RMC in the event of winding up.

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Shanghai HDDY Certified Public Accountants Co., Ltd.

## 7. Loan receivables

	Group and Company	
	2013	2012
	\$'000	\$'000
Interest-free loan <sup>(1)</sup>	1,856	1,375
3% p.m. fixed rate SGD loan <sup>(2)</sup>	4,000	–
	<u>5,856</u>	<u>1,375</u>

(1) Interest-free loan comprise a loan to an external party for a logistic project in which the Company is entitled to a return of 5% of the net gain attributable to the disposal of the project, subject to a guaranteed minimum return of \$1 million. The loan is unsecured and repayable by 31 December 2013.

(2) 3% p.m. fixed rate SGD loan comprise a loan to an external party for a logistic project. The loan is unsecured and repayable on 31 December 2013.

## 8. Derivative asset

Derivative asset relates to guaranteed minimum return arising from loan to an external party. The fair value of the derivative asset is computed by discounting the guaranteed minimum return using an assumed discount rate of 24% per annum.

The carrying amount of the financial asset at fair value through profit or loss is \$948,000 as at 30 September 2013 (2012: \$764,000) and is denominated in Singapore dollars.



## 9. Stocks

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated balance sheet:</b>		
Processed stocks	1,383	1,173
Raw and other materials	596	893
	<u>1,979</u>	<u>2,066</u>
<b>Consolidated income statement:</b>		
Stocks recognised as an expense in cost of sales	<u>7,286</u>	<u>8,999</u>

## 10. Trade debtors

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Trade and other debtors (current):</b>				
Trade debtors	116	106	17	16
Other debtors (Note 11)	855	182	667	20
Deposits (Note 11)	300	74	—	—
Amounts due from subsidiaries (trade) (Note 12)	—	—	1,311	1,829
Amounts due from subsidiaries (non-trade) (Note 12)	—	—	2,470	2,780
	<u>1,271</u>	<u>362</u>	<u>4,465</u>	<u>4,645</u>
<b>Other debtors (non-current):</b>				
Deposits (Note 11)	552	613	—	—
Other debtors (Note 11)	80	—	80	—
	<u>632</u>	<u>613</u>	<u>80</u>	<u>—</u>
<b>Total trade and other debtors (current and non-current)</b>	<b>1,903</b>	<b>975</b>	<b>4,545</b>	<b>4,645</b>
Add: Cash and cash equivalents (Note 13)	10,303	15,457	4,859	9,261
Add: Loan receivables (Note 7)	5,856	1,375	5,856	1,375
<b>Total loans and receivables</b>	<b><u>18,062</u></b>	<b><u>17,807</u></b>	<b><u>15,260</u></b>	<b><u>15,281</u></b>

The Group's trade debtors are stated net of allowance for impairment loss of \$112,000 (2012: \$12,000).

Included in trade debtors of the Group is an amount of \$79,000 (2012: \$81,000) denominated in Renminbi.

Trade debtors are non-interest bearing and are generally on 30 (2012: 30) days' credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.



# Notes to the Financial Statements

– 30 September 2013 (cont'd)

## 10. Trade debtors (cont'd)

### *Receivables that are past due but not impaired*

The Group and the Company have trade debtors amounting to \$76,000 (2012: \$36,000) and \$9,000 (2012: \$7,000) respectively that are past due at the end of the reporting period but not impaired. These debtors are unsecured and the analysis of their aging at the end of the reporting period is as follows :

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Less than 30 days	25	27	6	4
30 to 60 days	17	3	3	3
More than 60 days	34	6	–	–
	<u>76</u>	<u>36</u>	<u>9</u>	<u>7</u>

### *Trade debtors that are impaired*

The Group's and the Company's trade debtors that are impaired at the end of the reporting period and the movements of the allowance account used to record the impairment are as follows:

	Group		Company	
	Individually impaired		Individually impaired	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Trade debtors – nominal amounts	112	12	50	–
Impairment loss	(112)	(12)	(50)	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Movements in allowance account:				
At 1 October	12	5	–	–
Charge for the financial year	100	12	50	–
Bad debts recovered	–	(5)	–	–
Translation differences	–	–	–	–
At 30 September	<u>112</u>	<u>12</u>	<u>50</u>	<u>–</u>

For the financial year ended 30 September 2013, allowances for impairment of \$100,000 (2012: \$12,000) and \$50,000 (2012: \$Nil) were recognised in profit or loss by the Group and the Company respectively, subsequent to a debt recovery assessment performed on trade debtors at the end of the reporting period.

Trade debtors that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements. There are no balances that are collectively determined to be impaired.



## 11. Other debtors and deposits

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<b>Other debtors (Non-current)</b>				
Advances to employees *	27	–	27	–
Interest receivable	53	–	53	–
	<u>80</u>	<u>–</u>	<u>80</u>	<u>–</u>
<b>Other debtors (current)</b>				
Advances to employees *	30	14	30	9
Interest receivable	11	60	11	11
Sundry debtors	814	108	626	–
	<u>855</u>	<u>182</u>	<u>667</u>	<u>20</u>
<b>Deposits</b>				
Deposits (current)	300	74	–	–
Deposits (non-current)	552	613	–	–
	<u>852</u>	<u>687</u>	<u>–</u>	<u>–</u>

\* Advances to employees are non-trade in nature, unsecured, interest-free and repayable on demand.

Included in other debtors of the Group is an amount of \$185,000 (2012: \$149,000) denominated in Renminbi.

### ***Other debtors that are impaired***

The Group's other debtors that are impaired at the end of the reporting period and the movements of the allowance account used to record the impairment are as follows:

	Group	
	Individually impaired	
	2013	2012
	\$'000	\$'000
Other debtors – nominal amounts	–	45
Impairment loss	–	(45)
	<u>–</u>	<u>–</u>
Movements in allowance account:		
At 1 October	45	45
Charge for the financial year	27	–
Written off	(72)	–
	<u>–</u>	<u>45</u>
At 30 September	–	45

# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

## 11. Other debtors and deposits (*cont'd*)

### ***Other debtors that are impaired (cont'd)***

For the financial year ended 30 September 2013, an allowance for impairment of \$27,000 (2012: Nil) was recognised in profit or loss by the Group subsequent to a debt recovery assessment performed on other debtors at the end of the reporting period.

Other debtors that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties. These debtors are not secured by any collateral or credit enhancements.

The Company does not have any other debtors that are individually or collectively impaired. In addition, the Group and the Company do not have any other debtors that are past due but not impaired.

## 12. Amounts due from subsidiaries (trade and non-trade)

### ***Amounts due from subsidiaries (trade)***

The trade amounts due from subsidiaries arose from the provision of management and consultation services by the Company to its subsidiaries. These amounts are unsecured, interest-free and are repayable on demand.

Included in the Company's trade amounts due from subsidiaries is an amount of \$342,000 (2012: \$617,000) denominated in Renminbi.

### ***Amounts due from subsidiaries that are impaired***

In the prior year, a write-back of \$152,000 for impairment loss was recognised in income statement of the Company.

During the year, the Company does not have trade amounts due from subsidiaries that are collectively or individually impaired nor any amounts that are past due but not impaired.

### ***Amounts due from subsidiaries (non-trade)***

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

For the financial year ended 30 September 2013, non-trade amount of \$549,000 (2012: \$365,000) due from a subsidiary was written off. The subsidiary has been suffering significant financial losses and has been disposed during the year.

The Company does not have any non-trade amounts due from subsidiaries that are collectively or individually impaired nor any amounts that are past due but not impaired.



### 13. Cash and cash equivalents

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits	7,167	11,718	4,508	9,000
Cash at banks and on hand	3,136	3,739	351	261
Total cash and cash equivalents	<u>10,303</u>	<u>15,457</u>	<u>4,859</u>	<u>9,261</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between 1 to 11 (2012: 1 to 12) months depending on the immediate cash requirements of the Group, and earn interest ranging from 0.27% to 3.50% (2012: 0.26% to 3.50%) per annum.

Fixed deposits and cash at banks and on hand are denominated in the following foreign currencies as at 30 September:-

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Renminbi	<u>3,606</u>	<u>4,884</u>	<u>—</u>	<u>—</u>

### 14. Trade creditors

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Trade and other creditors (current):</b>				
Trade creditors	948	417	—	—
Other creditors and accruals (Note 15)	1,350	1,437	286	394
Franchise deposits (Note 15)	50	60	50	60
Amounts due to directors (Note 16)	235	421	235	421
	<u>2,583</u>	<u>2,335</u>	<u>571</u>	<u>875</u>
<b>Other creditors (non-current):</b>				
Franchise deposits (Note 15)	100	130	100	130
<b>Total financial liabilities carried at amortised cost</b>	<u>2,683</u>	<u>2,465</u>	<u>671</u>	<u>1,005</u>

#### **Trade creditors**

Included in the trade creditors of the Group is an amount of \$190,000 (2012: \$229,000) denominated in Renminbi.

Trade creditors are non-interest bearing and are normally settled on their normal trade terms of 30 (2012: 30) days.

# Notes to the Financial Statements

– 30 September 2013 (cont'd)

## 15. Other creditors and accruals, franchise deposits, deferred rental income, deferred revenue, and provisions

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<b>Other creditors and accruals (current)</b>				
Sundry creditors	243	276	28	31
Accrued personnel expenses	700	713	153	165
Other accrued operating expenses	313	448	105	198
Provision for withholding tax	94	–	–	–
	<u>1,350</u>	<u>1,437</u>	<u>286</u>	<u>394</u>
<b>Franchise deposits</b>				
Franchise deposits (current)	50	60	50	60
Franchise deposits (non-current)	100	130	100	130
	<u>150</u>	<u>190</u>	<u>150</u>	<u>190</u>
<b>Deferred rental income</b>				
Deferred rental income (current)	15	26	–	–
Deferred rental income (non-current)	33	–	–	–
	<u>48</u>	<u>26</u>	<u>–</u>	<u>–</u>
<b>Deferred revenue (current) *</b>	<u>1,678</u>	<u>1,760</u>	<u>–</u>	<u>–</u>

\* Deferred revenue relates to the advances received from customers in respect of the stored value cards sold.

Included in the other creditors and accruals of the Group is an amount of \$390,000 (2012: \$422,000) denominated in Renminbi.

### Provisions for reinstatement costs:-

	Group	
	2013	2012
	\$'000	\$'000
Balance at 1 October	110	120
Provision during the financial year	–	–
Reversal of reinstatement costs	–	(10)
Balance at 30 September	<u>110</u>	<u>110</u>
<b>Comprises:</b>		
Current	110	–
Non-current	–	110
	<u>110</u>	<u>110</u>



## 15. Other creditors and accruals, franchise deposits, deferred rental income, deferred revenue, and provisions (*cont'd*)

Provisions for reinstatement costs are recognised for expected costs for dismantling, removal and restoration of property, plant and equipment based on the best estimate of the expenditure with reference to past experience.

It is expected that these costs will be incurred within one year from the balance sheet date.

## 16. Amounts due to directors

The amounts due to directors are unsecured, interest-free and repayable on demand.

## 17. Deferred tax liabilities

	Group	
	2013	2012
	\$'000	\$'000
Deferred tax liabilities :-		
Balance as at 1 October	125	137
Credit during the financial year	(15)	(12)
Balance as at 30 September	<u>110</u>	<u>125</u>

Deferred tax liabilities arose from excess of net carrying value over tax written down value of property, plant and equipment.

Deferred tax assets not recognised as at 30 September relate to the following :-

	Group	
	2013	2012
	\$'000	\$'000
Unutilised tax losses	<u>(113)</u>	<u>(56)</u>

As at 30 September 2013, the Group has unutilised tax losses carried forward from certain subsidiaries of approximately \$666,000 (2012: \$327,000), available for offset against future taxable income. The potential deferred tax assets arising from these unutilised tax losses have not been recognised as taxable profits from the subsidiaries against which the deferred tax assets can be utilised is uncertain. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.



# Notes to the Financial Statements

– 30 September 2013 (cont'd)

## 17. Deferred tax liabilities (cont'd)

### *Tax consequences of proposed dividends*

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

## 18. Share capital

	Group and Company			
	2013		2012	
	No. of ordinary shares '000	\$'000	No. of ordinary shares '000	\$'000
Issued and fully paid ordinary shares :				
Balance as at 1 October and 30 September	207,749	14,593	207,749	14,593

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

## 19. Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

## 20. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.



## 21. Revenue

	Group	
	2013	2012
	\$'000	\$'000
Restaurant operations	21,089	25,429
Franchise and royalty fee income	655	452
	<u>21,744</u>	<u>25,881</u>

## 22. Interest income

	Group	
	2013	2012
	\$'000	\$'000
Interest income from :-		
Fixed deposits	135	151
Bank balances	12	29
Loan receivables	1,080	99
	<u>1,227</u>	<u>279</u>

## 23. Other income

	Group	
	2013	2012
	\$'000	\$'000
Advisory fee	—	1,000
Gain on disposal of property, plant and equipment	—	267
Gain in fair value of derivative asset	184	40
Others	132	82
	<u>316</u>	<u>1,389</u>



# Notes to the Financial Statements

– 30 September 2013 (cont'd)

## 24. Employee benefits expenses

	Group	
	2013	2012
	\$'000	\$'000
Wages, salaries, bonuses and allowances *	6,672	7,692
Contributions to defined contribution plans	487	489
Other personnel costs	773	745
	<u>7,932</u>	<u>8,926</u>

\* Includes directors' fees and remuneration as disclosed in Note 29 to the financial statements.

## 25. Profit before taxation

Profit before taxation is stated after charging/(crediting) the following:-

	Group	
	2013	2012
	\$'000	\$'000
Audit fees paid to:		
– Auditors of the Company	114	114
Trade debtors written off	214	–
Impairment loss on trade debtors	100	12
Impairment loss on other debtors	27	–
Property, plant and equipment written off	4	7
Consumables expenses	133	153
Cleaning expenses	51	61
Travelling expenses	77	62
General repair and maintenance	87	53
Water and electricity expenses	723	836
Operating lease expenses	2,859	3,222
Impairment loss on property, plant and equipment	–	58
Bad debts recovered	–	(5)
Write back of impairment loss on property, plant and equipment	<u>(58)</u>	<u>–</u>



## 26. Income tax expense

The major components of income tax expense for the financial years ended 30 September are:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated income statement:</b>		
Current income tax:		
– Current income taxation	504	918
– Over provision in respect of previous years	(135)	(40)
	<u>369</u>	<u>878</u>
Deferred income tax:		
– Origination and reversal of temporary differences	(15)	27
– Over provision in respect of previous years	–	(12)
	<u>(15)</u>	<u>15</u>
Income tax expense recognised in profit or loss	<u>354</u>	<u>893</u>

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 30 September is as follows:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before taxation	1,661	2,540
Tax at the statutory tax rate of 17% (2012: 17%)	282	432
Adjustments for :		
Non-deductible expenses	107	258
Non-taxable income	(1)	(54)
Differences in foreign tax rates	(39)	86
Withholding tax	122	180
Deferred tax assets not recognised	113	56
Tax relief	(60)	–
Over provision in respect of prior years	(135)	(40)
Tax exemption	(52)	(52)
Others	17	27
Income tax expense recognised in profit or loss	<u>354</u>	<u>893</u>

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.



# Notes to the Financial Statements

– 30 September 2013 (cont'd)

## 27. Earnings per share (basic and diluted)

Both basic and diluted earnings per share are calculated by dividing the Group's net profit attributable to owners of the Company of \$1,307,000 (2012: \$1,647,000) by the weighted average number of 207,748,700 (2012: 207,748,700) ordinary shares outstanding during the financial year.

The basic and diluted earnings per share are the same as the Group did not have any dilutive potential ordinary shares outstanding as at 30 September 2013 and 2012.

Since the end of the financial year, the Company has entered into a conditional placement agreement to issue 180,000,000 new ordinary shares as announced on 31 October 2013. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

## 28. Dividends

	<b>Group and Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Declared and paid during the financial year:</b>		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2013: 0.8 (2012: 0.8) cents per share	<u>1,662</u>	<u>1,662</u>
<b>Proposed but not recognised as a liability as at 30 September:</b>		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– Final exempt (one-tier) dividend for 2013: Nil (2012: 0.8) cents per share	<u>–</u>	<u>1,662</u>



## 29. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial years:

### *Compensation of key management personnel*

	Group	
	2013	2012
	\$'000	\$'000
Directors' remuneration:		
Directors' fees	320	318
Directors' remuneration	1,582	2,172
Contribution to defined contribution plans	32	25
	<u>1,934</u>	<u>2,515</u>
Key executive officers' remuneration:		
Executive officers' remuneration	568	590
Contributions to defined contribution plans	52	54
	<u>620</u>	<u>644</u>
Remuneration paid to employees related to directors or substantial shareholders:		
Employees' remuneration	129	156
Contributions to defined contribution plans	16	18
	<u>145</u>	<u>174</u>

## 30. Commitments

### (a) *Capital commitments*

The Group does not have any capital commitments contracted for as at 30 September 2013 but not recognised in the financial statements.

### (b) *Operating lease commitments – as lessee*

The Group has various operating lease agreements for the rental of restaurants, staff quarters and warehouse premises. These leases have an average tenure of between 1 to 30 (2012: 1 to 30) years, with renewal options included in a few contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.



# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

## 30. Commitments (*cont'd*)

### (b) Operating lease commitments – as lessee

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 September 2013, amounted to \$2,859,000 (2012: \$3,222,000). No contingent rents were paid during the financial years ended 2013 and 2012.

Future minimum rentals under non-cancellable operating leases as at 30 September are as follows :-

	Group	
	2013	2012
	\$'000	\$'000
Within 1 year	2,345	3,110
Within 2 to 5 years	3,939	5,090
More than 5 years	297	940
	<u>6,581</u>	<u>9,140</u>

## 31. Segment information

For management purposes, the Group is organised on a worldwide basis into two main reportable segments as follows:

- Restaurant operations, which mainly relate to operation of restaurant outlets; and
- Restaurant management services, which mainly relate to management fees from restaurants, franchise fees and royalties from franchisees.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.



### 31. Segment information (cont'd)

	Restaurant operations		Restaurant management services		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2013	2012	2013	2012	2013	2012		2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
<b>Revenue:</b>									
External sales	21,089	25,429	655	452	–	–		21,744	25,881
Inter-segment sales	–	–	2,558	2,933	(2,558)	(2,933)	A	–	–
	<u>21,089</u>	<u>25,429</u>	<u>3,213</u>	<u>3,385</u>	<u>(2,558)</u>	<u>(2,933)</u>		<u>21,744</u>	<u>25,881</u>
<b>Results:</b>									
Interest income	104	140	1,123	139	–	–		1,227	279
Gain on disposal of property, plant and equipment	–	267	–	–	–	–		–	267
Gain on disposal of subsidiary company	–	–	2	–	–	–		2	–
Fair value gain on investment loan	–	–	184	40	–	–		184	40
Property, plant and equipment written off	(4)	(7)	–	–	–	–		(4)	(7)
Depreciation of property, plant and equipment	(907)	(1,041)	–	–	–	–		(907)	(1,041)
Bad debts recovered	–	5	–	–	–	–		–	5
Trade debtors written off	–	–	(214)	–	–	–		(214)	–
Impairment loss on trade debtors	–	(12)	(100)	–	–	–		(100)	(12)
Impairment loss on other debtors	(27)	–	–	–	–	–		(27)	–
Impairment loss on non-financial assets	–	(58)	–	–	–	–		–	(58)
Write back of impairment loss on non-financial assets	58	–	–	–	–	–		58	–
Segment profit	<u>324</u>	<u>2,216</u>	<u>3,264</u>	<u>3,775<sup>(1)</sup></u>	<u>(1,927)</u>	<u>(3,451)</u>	B	<u>1,661</u>	<u>2,540<sup>(1)</sup></u>
<b>Assets:</b>									
Additions to non-current assets	274	1,415	–	2,139	–	–	C	274	3,554
Segment assets	<u>10,877</u>	<u>12,509</u>	<u>14,156</u>	<u>9,494</u>	<u>(1,519)</u>	<u>1,797</u>	D	<u>23,514</u>	<u>23,800</u>
<b>Segment liabilities</b>	<u>6,409</u>	<u>7,043</u>	<u>713</u>	<u>1,065</u>	<u>(2,143)</u>	<u>(3,071)</u>	E	<u>4,979</u>	<u>5,037</u>

(1) Included in the segment profit is an advisory fee of \$1 million.

# Notes to the Financial Statements

– 30 September 2013 (cont'd)

## 31. Segment information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment profit to arrive at “profit before taxation” presented in the consolidated statement of comprehensive income:

	2013	2012
	\$'000	\$'000
Profit from inter-segment sales	(1,885)	(2,704)
Unallocated corporate expense, net	(42)	(747)
	<u>(1,927)</u>	<u>(3,451)</u>

C Additions to non-current assets consist of additions to property, plant and equipment.

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

Unallocated corporate assets	4,508	9,000
Inter-segment assets	(6,027)	(7,145)
Impairment loss on non-financial assets	–	(58)
	<u>(1,519)</u>	<u>1,797</u>

E The following items are deducted from/(added to) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

Income tax payables	350	551
Deferred tax liabilities	110	125
Inter-segment liabilities	(2,603)	(3,747)
	<u>(2,143)</u>	<u>(3,071)</u>



### 31. Segment information (cont'd)

#### *Geographical information*

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Singapore	15,222	16,081	1,979	2,526
People's Republic of China	6,185	9,640	472	484
Others	337	160	–	–
	<u>21,744</u>	<u>25,881</u>	<u>2,451</u>	<u>3,010</u>

Non-current assets information presented above consist of property, plant and equipment as presented in the consolidated balance sheet.

### 32. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, interest rate risk and liquidity risk.

The Group's overall strategies, tolerance of risks, and general risk management philosophy are determined by the Board in accordance with prevailing economic and operating conditions. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

#### *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other debtors and loan receivables. For other financial assets (including cash and cash equivalents and derivative asset), the Group and the Company minimize credit risk by dealing with good credit rating counterparties.

# Notes to the Financial Statements

– 30 September 2013 (cont'd)

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

### ***Credit risk (cont'd)***

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all parties who wish to trade on credit terms are subject to credit verification procedures. In addition, debtors balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at 30 September 2013, approximately 60% (2012: 53%) of trade debtors relates to 3 (2012: 3) debtors.

### ***Credit risk concentration profile***

The Group determines concentrations of credit risk by monitoring the country and business sector profile of its trade debtors on an ongoing basis. The credit risk concentration profile of the Group's trade debtors at the end of the reporting period is as follows :-

	Group			
	2013		2012	
	\$'000	% of total	\$'000	% of total
By country :				
Singapore	14	12	8	8
People's Republic of China	79	68	82	77
Others	23	20	16	15
	<u>116</u>	<u>100</u>	<u>106</u>	<u>100</u>
By business sectors :				
Restaurant operations	14	12	20	19
Restaurant management services	102	88	86	81
	<u>116</u>	<u>100</u>	<u>106</u>	<u>100</u>

### ***Financial assets that are neither past due nor impaired***

Trade and other debtors that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, loan receivables and derivative asset that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

### ***Financial assets that are either past due or impaired***

Information regarding financial assets that are either past due or impaired is disclosed in Notes 10, 11 and 12 to the financial statements.



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

### ***Foreign currency risk***

The Group has foreign currency risk exposures mainly in Renminbi.

Management monitors foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arises. It is the policy of the Group not to trade in any foreign exchange forward contracts.

The Group maintains a natural hedge, wherever possible, by matching the foreign currency assets against its liabilities. However, the Group continues to be exposed to foreign currency risks relating to any immaterial amounts.

Foreign exchange exposures in transactional currencies, other than functional currencies of the operating entities, are kept to an acceptable level. In relation to its overseas investment in its foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

As a result, the Group has maintained its foreign currency risk exposure to be minimal.

### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing fixed deposits.

### **Sensitivity analysis for interest rate risk**

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, on the Group's profit before taxation:

	Group Increase/(decrease) in basis points	Effect on profit before taxation \$'000
<b>2013</b>		
Singapore dollars	50	23
Renminbi	50	18
Singapore dollars	(50)	(23)
Renminbi	(50)	(18)
<b>2012</b>		
Singapore dollars	50	45
Renminbi	50	24
Singapore dollars	(50)	(45)
Renminbi	(50)	(24)

# Notes to the Financial Statements

– 30 September 2013 (cont'd)

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

### Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a level of cash to meet the obligations and commitments due and to ensure cash efficiency whereby maximisation of cash flow position can be achieved.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	2013			2012		
	Within 1 year \$'000	More than 1 year \$'000	Total \$'000	Within 1 year \$'000	More than 1 year \$'000	Total \$'000
<b>Group</b>						
<b>Financial assets:</b>						
Trade debtors	116	–	116	106	–	106
Other debtors	855	80	935	182	–	182
Deposits	300	552	852	74	613	687
Cash and cash equivalents	10,303	–	10,303	15,457	–	15,457
Derivative asset	948	–	948	–	764	764
Loan receivables	5,856	–	5,856	–	1,375	1,375
<b>Total undiscounted financial assets</b>	<b>18,378</b>	<b>632</b>	<b>19,010</b>	<b>15,819</b>	<b>2,752</b>	<b>18,571</b>
<b>Financial liabilities:</b>						
Trade creditors	948	–	948	417	–	417
Other creditors and accruals	1,350	–	1,350	1,437	–	1,437
Franchise deposits	50	100	150	60	130	190
Amounts due to directors	235	–	235	421	–	421
<b>Total undiscounted financial liabilities</b>	<b>2,583</b>	<b>100</b>	<b>2,683</b>	<b>2,335</b>	<b>130</b>	<b>2,465</b>
<b>Total net undiscounted financial assets</b>	<b>15,795</b>	<b>532</b>	<b>16,327</b>	<b>13,484</b>	<b>2,622</b>	<b>16,106</b>



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

### Liquidity risk (cont'd)

	2013			2012		
	Within 1 year \$'000	More than 1 year \$'000	Total \$'000	Within 1 year \$'000	More than 1 year \$'000	Total \$'000
<b>Company</b>						
<b>Financial assets:</b>						
Trade debtors	17	–	17	16	–	16
Other debtors	667	80	747	20	–	20
Amounts due from subsidiaries (trade)	1,311	–	1,311	1,829	–	1,829
Amounts due from subsidiaries (non-trade)	2,470	–	2,470	2,780	–	2,780
Cash and cash equivalents	4,859	–	4,859	9,261	–	9,261
Derivative asset	948	–	948	–	764	764
Loan receivable	5,856	–	5,856	–	1,375	1,375
<b>Total undiscounted financial assets</b>	<b>16,128</b>	<b>80</b>	<b>16,208</b>	<b>13,906</b>	<b>2,139</b>	<b>16,045</b>
<b>Financial liabilities:</b>						
Other creditors and accruals	286	–	286	394	–	394
Franchise deposits	50	100	150	60	130	190
Amounts due to directors	235	–	235	421	–	421
<b>Total undiscounted financial liabilities</b>	<b>571</b>	<b>100</b>	<b>671</b>	<b>875</b>	<b>130</b>	<b>1,005</b>
<b>Total net undiscounted financial assets / (liabilities)</b>	<b>15,557</b>	<b>(20)</b>	<b>15,537</b>	<b>13,031</b>	<b>2,009</b>	<b>15,040</b>

## 33. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value :



# Notes to the Financial Statements

– 30 September 2013 (*cont'd*)

## 33. Fair value of financial instruments (*cont'd*)

### A. Fair value of financial instruments by classes that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2013 \$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial asset:</b>				
Derivative asset (Note 8)	–	948	–	948
At 30 September 2013	–	948	–	948

	Group 2012 \$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial asset:</b>				
Derivative asset (Note 8)	–	764	–	764
At 30 September 2012	–	764	–	764

### **Fair value hierarchy**

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)



### 33. Fair value of financial instruments (cont'd)

#### A. *Fair value of financial instruments by classes that are carried at fair value (cont'd)*

##### ***Determination of fair value***

###### Derivative asset

The fair value of the derivative asset is computed by discounting the guaranteed minimum return using an assumed discount rate of 24% per annum.

#### B. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

##### ***Investment in unquoted equity shares***

Fair value information has not been disclosed for the Group's investment in unquoted equity shares that is carried at cost because the fair value cannot be measured reliably. These unquoted equity shares represent ordinary shares in a company that is not quoted on any market and do not have any comparable industry peer that is listed. The Group has disposed of this investment during the year.

#### C. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

##### ***Trade debtors, amounts due from subsidiaries (trade), trade creditors, deposits (current), other debtors, other creditors and accruals, amounts due from subsidiaries (non-trade), and amounts due to directors***

The carrying amounts of these balances approximate their fair values due to their short-term nature.

##### ***Deposits (non-current) and loan receivable***

Management believes that the carrying amount recorded at the balance sheet date approximates its fair value, as the interest rates used to amortise the non-current deposits and loan receivable closely approximate the market interest rates on or near the end of the reporting period.

##### ***Fixed deposits, and cash and cash equivalents***

The carrying amounts of these balances approximate their fair values due to their short-term and liquid nature.



# Notes to the Financial Statements

– 30 September 2013 (cont'd)

## 34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 September 2013 and 2012.

As disclosed in Note 19, a few subsidiaries of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 30 September 2013 and 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 15% to 30% (2012: 15% to 30%). The Group includes within net debt, trade and other creditors, trade and other payables, less cash and cash equivalents. Total capital includes equity attributable to owners of the Company less the above mentioned restricted reserve fund.

	Group	
	2013	2012
	\$'000	\$'000
Net debt	4,134	3,640
Total capital	17,809	17,988
Total capital and net debt	21,943	21,628
Gearing ratio	19%	17%

## 35. Events occurring after the reporting period

On 30 October 2013, the Company has entered into a conditional placement agreement with external parties, pursuant to which they will subscribe for, and the Company will allot and issue to them, 180,000,000 new ordinary shares.

## 36. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 September 2013 were authorised for issue in accordance with a resolution of the directors on 2 December 2013.



# Corporate Governance Report

Thai Village Holdings Ltd (the “**Company**”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”). Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company (the “**Shareholders**”). This Report describes the Company’s corporate governance processes and activities with specific reference to the Code of Corporate Governance 2005 (the “**Code**”). For ease of reference, specific reference is made to the Principles and Guidelines of the Code.

## 1. Board Matters

### 1.1 The Board’s conduct of affairs

*Principle 1: Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.*

### 1.2 Board Composition and Guidance

*Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board’s decision making.*

The Board comprises six (6) directors, three (3) of whom are executive directors, and three (3) are independent and non-executive directors. The executive directors are Dr John Chen Seow Phun, Mr Lee Tong Soon and Mr Kok Nyong Patt. The independent and non-executive directors are Ms Julia Kwok Yung Chu, Mr Hoon Tai Meng and Mr Foo Der Rong. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group. A brief profile of each Director is set out on pages 8 and 9 of this Annual Report.

The Board’s principal functions include, among others, supervising the overall management of the business and affairs of the Group and approving the Group’s corporate and strategic policies and direction.

Matters which are specifically reserved for the approval of the Board include, amongst others, any material acquisitions and disposals of assets and major undertakings (other than in the ordinary course of business).

Certain functions have been delegated to various board committees, namely, the Audit Committee, the Nominating Committee and the Remuneration Committee, which would make recommendations to the Board. These committees which operate within clearly defined terms of reference, play an important role in ensuring good corporate governance in the Company and within the Group.

In financial year 2013 (“**FY2013**”), the Board conducted two (2) meetings. In addition to physical meetings, the Company’s Articles of Association (the “**Articles**”) also provide for Board meetings to be conducted by way of tele-conferencing, provided that the requisite quorum of at least two (2) directors is present.

The number of Board and various board committees meetings held in FY2013 and the attendance of each Board member at those meetings are as follows:-



# Corporate Governance Report

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
John Chen Seow Phun	2	2	2	2 <sup>(1)</sup>	1	1 <sup>(1)</sup>	1	1 <sup>(1)</sup>
Lee Tong Soon	2	2	2	2 <sup>(1)</sup>	1	1 <sup>(1)</sup>	1	1 <sup>(1)</sup>
Kok Nyong Patt	2	2	2	2 <sup>(1)</sup>	1	1 <sup>(1)</sup>	1	1 <sup>(1)</sup>
Julia Kwok Yung Chu	2	2	2	2	1	1	1	1
Hoon Tai Meng	2	2	2	2	1	1	1	1
Foo Der Rong	2	2	2	2	1	1	1	1

(1) Attended the meeting as an invitee.

New directors, upon appointment, are briefed on the business and organisational structure of the Group. There are update sessions to inform the directors on new legislation and/or regulations which are relevant to the Group.

## 1.3 Chairman and Chief Executive Officer (“CEO”)

*Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company’s business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

Dr John Chen Seow Phun (“**Dr. Chen**”) is an Executive Chairman of the Board (the “**Executive Chairman**”) whereby, Mr. Lee Tong Soon (“**Mr Lee**”) is the managing director of the Company (the “**Managing Director**”). As the Managing Director, Mr. Lee is responsible for, among others, exercising control over quality, quantity and timeliness of the flow of information between the management of the Company (the “**Management**”) and the Board, and assisting in ensuring compliance with the Company’s guidelines on corporate governance.

There is a distinct separation of responsibilities between the Executive Chairman and the Managing Director which ensures that there is a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making at the top of the Company. These posts are held by Dr Chen and Mr Lee respectively.

The Chairman leads the Board and is responsible for the effective working of the Board including:

- scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties while not interfering with the flow of the Group’s operations;
- preparing the meeting agenda (in consultation with the Managing Director);
- ensuring that Board meetings are held when necessary;
- facilitating contributions from the Non-Executive Directors and encouraging constructive relationships between the Directors;
- exercising control over the quality, quantity and timeliness of information flow to the Board, ensuring effective communication with the Company’s shareholders;
- ensuring, fostering constructive and effective communication with shareholders; and
- encouraging high standards of corporate governance.



## 2. Nominating Committee (“NC”)

### 2.1 Board Membership

*Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.*

The NC was set up on 30 September 2002 and comprises three (3) independent and non-executive directors, namely Ms Julia Kwok Yung Chu (“**Ms Kwok**”), Mr Hoon Tai Meng and Mr Foo Der Rong. The chairman of the NC is Ms Kwok.

The NC has adopted specific written terms of reference. According to the terms of reference of the NC, the members of the NC are responsible for, among others, the appointment and re-nomination of directors having regard to their independence, qualifications, performance and contributions. The NC reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new directors to the Board, the NC takes into consideration the skills and experience required to support the Group’s business activities, the current composition and size of the Board, and strives to ensure that the Board, as a whole, possesses the core competencies required by the Code. In view of the foregoing, the Board is of the view that there are adequate processes for the appointment of new directors.

The NC adopted the Code’s definition on what constitutes an independent director under guidance note 2.1 (a) to (d) of the Code.

For FY2013, the NC is of the view that:-

- (a) all the NC members are independent (as defined in the Code) and able to exercise objective judgement on corporate affairs of the Group independently from Management;
- (b) there is no individual or small group of individuals on the Board who dominate the Board’s decision making process; and
- (c) the Board as a whole, possesses core competencies required for the effective conduct of the affairs and operations of the Group.

The Code recommends that all directors should be required to submit themselves for re-nomination and re-election at regular intervals. In this regard, the Articles provide as follows:-

Article 107 provides that one-third of the Directors for the time being (other than the Managing Director), or if their number is not three (3) or a multiple of three (3), then the number nearest one-third, shall retire from office, Provided Always that all Directors (except the Managing Director) shall retire from office at least once every three (3) years.

Article 109 provides that a retiring Director shall be eligible for re-election at the meeting at which he retires.

Article 117 provides that any Director appointed during the financial year, shall hold office only until the next Annual General Meeting (“**AGM**”) of the Company, and shall be eligible for re-election.



# Corporate Governance Report

The Directors retiring by rotation pursuant to Article 107 of the Company's Articles of Association at the forthcoming AGM are Ms Kwok and Mr Hoon Tai Meng. The NC has recommended Ms Kwok and Mr Hoon Tai Meng for re-election at the forthcoming AGM to be held on 24 January 2014.

## 2.2 Board Performance

*Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.*

The NC, examines its size to satisfy that it is appropriate for, effective decision making, taking into account the nature and scope of the Company's operations.

The NC is of the view that it is more appropriate and effective to assess the Board as a whole, bearing in mind that each member of the Board contributes in different way to the success of the Company and Board decision are made collectively. The NC, with the participation of the Executive Directors, reviewed and discussed the performance of the Board during the year, and where improvements might be necessary to enhance the effectiveness of the Board.

Although the Executive Chairman and the independent and non-executive directors hold board representations in companies (including listed companies) which are not within the Group, the Board is of the view that such multiple board representations of the directors do not hinder their ability to carry out their duties as directors of the Company. Further, the Board is also of the view that such multiple board representations of the directors benefit the Group, as the directors are able to bring with them the experience and knowledge obtained from such board representations in other companies.

Key information regarding the directors of the Company are as follows:-

<b>Name of Director</b>	John Chen Seow Phun
<b>Shareholding in the Company (as at 12 December 2013)</b>	Dr Chen is deemed to be interested in 22,252,725 shares held by Unigold Asia Limited and 62,500 Shares held by his spouse. (as set out on page 13 of the Annual Report ("AR"))
<b>Board Committees Served</b>	None
<b>Date of first appointment as director</b>	13 December 2001
<b>Date of re-designated as Executive Chairman</b>	1 May 2012
<b>Date of last re-election as director</b>	22 January 2013
<b>Present Directorships in other listed companies</b>	Hiap Seng Engineering Ltd OKP Holdings Limited Hanwell Holdings Ltd Matex International Limited HLH Group Limited Tat Seng Packaging Group Ltd Fu Yu Corporation Limited
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Hongguo International Holdings Limited



<b>Name of Director</b>	Lee Tong Soon
<b>Shareholding in the Company (as at 12 December 2013)</b>	23,528,226 Shares (as set out on page 13 of the AR) Mr Lee is also deemed interested in 12,500 Shares held by his spouse.
<b>Board Committees Served</b>	None
<b>Date of first appointment as director</b>	15 November 1999
<b>Date of last re-election as director</b>	Not Applicable. Mr. Lee is the Managing Director of the Company since incorporation. As such, he is not subject to re-election according to Article 107 as set out above.
<b>Present Directorships in other listed companies</b>	Nil
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Nil

<b>Name of Director</b>	Kok Nyong Patt
<b>Shareholding in the Company (as at 12 December 2013)</b>	22,815,225 Shares (as set out on page 13 of the AR) Mr Kok Nyong Patt is also deemed interested in 12,500 Shares held by his spouse.
<b>Board Committees Served</b>	None
<b>Date of first appointment as director</b>	15 November 1999
<b>Date of last re-election as director</b>	22 January 2013
<b>Present Directorships in other listed companies</b>	Nil
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Nil

<b>Name of Director</b>	Julia Kwok Yung Chu
<b>Shareholding in the Company (as at 12 December 2013)</b>	55,000 Shares (as set out in page 13 of the AR)
<b>Board Committees Served</b>	Nominating Committee (Chairman) Remuneration Committee (Member) Audit Committee (Member)
<b>Date of first appointment as director</b>	1 December 2007
<b>Date of last re-election as director</b>	20 January 2011 Up for re-election at the AGM to be held on 24 January 2014.
<b>Present Directorships in other listed companies</b>	Nil
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Nil



# Corporate Governance Report

<b>Name of Director</b>	Hoon Tai Meng
<b>Shareholding in the Company (as at 12 December 2013)</b>	Nil
<b>Board Committees Served</b>	Audit Committee (Chairman) Remuneration Committee (Member) Nominating Committee (Member)
<b>Date of first appointment as director</b>	1 February 2011
<b>Date of last re-election as director</b>	19 January 2012 Up for re-election at the AGM to be held on 24 January 2014.
<b>Present Directorships in other listed companies</b>	Chip Eng Seng Corporation Ltd Sin Ghee Huat Corporation Ltd
<b>Past Directorships in other listed companies (within the last 3 years)</b>	INTRACO Limited China Global Investors Group Ltd Dynamic Colour Limited China Video Surveillance Ltd Yangtze China Investment Ltd
<b>Name of Director</b>	Foo Der Rong
<b>Shareholding in the Company (as at 12 December 2013)</b>	Nil
<b>Board Committees Served</b>	Remuneration Committee (Chairman) Audit Committee (Member) Nominating Committee (Member)
<b>Date of first appointment as director</b>	1 May 2012
<b>Date of last re-election as director</b>	22 January 2013
<b>Present Directorships in other listed companies</b>	INTRACO Limited
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Hanwell Holdings Ltd Tat Seng Packaging Group Ltd

## 2.3 Access to information

*Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.*

For FY2013, Management provided the members of the Board with management accounts on a half-yearly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting.

The Board (whether individually and as a group) has, in the furtherance of its duties, access to independent professional advice, if necessary, at the Company's expense.



The Board has independent access to the Company Secretary, who provides the Board with regular updates on the requirements of the Companies Act and all the rules and regulations of the Singapore Exchange Securities Trading Limited (“SGX-ST”). In FY2013, the company secretary/ secretaries attended the Nominating Committee meeting, Remuneration Committee meeting, two (2) Audit Committee meetings and two (2) Board meetings. The company secretaries assist the Board to ensure that the Board procedures and the rules and regulations relating thereto are complied with.

### 3. Remuneration Matters

#### 3.1 Procedures for Developing Remuneration Policies

*Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

The Group’s remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate directors and key management executives.

The Remuneration Committee (“RC”) comprises three (3) members, all are independent and non-executive directors, namely Mr Foo Der Rong (“Mr Foo”), Mr Hoon Tai Meng and Ms Kwok. The chairman of the RC is Mr Foo. The RC has adopted written terms of reference.

According to the terms of reference of the RC, the functions of the RC include, among others, the setting up and implementation of formal and transparent processes by which the remuneration packages of all the executive directors (in the form of service agreements) and at least the top five (5) executives (in terms of aggregate remuneration and not being directors) are formulated and approved.

No director or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

#### 3.2 Level and Mix of Remuneration

*Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors’ remuneration should be structured so as to link rewards to corporate and individual performance.*

According to the respective service agreements of the executive directors:-

- (a) the term of service has been renewed for a further period of three (3) years with the effect from 1 April 2013 and is subject to review thereafter;
- (b) the remuneration include, among others, a fixed salary and a variable performance bonus, which is designed to align the executive directors’ interests with that of the Shareholders; and
- (c) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive director.

# Corporate Governance Report

The independent and non-executive directors do not have any service agreements with the Company. Save for directors' fees, which have to be approved by the Shareholders at every AGM, the independent and non-executive directors do not receive any remuneration from the Company.

The Company currently does not have any employee share option schemes.

## 3.3 Disclosure on Remuneration

*Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.*

A breakdown of the level and mix of remuneration paid to each director in remuneration bands of S\$250,000 for FY2013 are as follows:-

Name	Below S\$250,000		Between S\$250,000 and S\$499,999		Between S\$500,000 and S\$750,000	
		%		%		%
John Chen Seow Phun	Salary	–	Salary	–	Salary	51
	Fees	–	Fees	–	Fees	7
	Bonus	–	Bonus	–	Bonus	2
	Other benefits	–	Other benefits	–	Other benefits	40
Lee Tong Soon	Salary	–	Salary	–	Salary	66
	Fees	–	Fees	–	Fees	9
	Bonus	–	Bonus	–	Bonus	5
	Other benefits	–	Other benefits	–	Other benefits	20
Kok Nyong Patt	Salary	–	Salary	–	Salary	64
	Fees	–	Fees	–	Fees	10
	Bonus	–	Bonus	–	Bonus	5
	Other benefits	–	Other benefits	–	Other benefits	21
Julia Kwok Yung Chu	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–
Hoon Tai Meng	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–				
Foo Der Rong	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–



For FY2013, the remuneration paid to each of the top five (5) key executives (in terms of salary and who are not directors of the Company) was less than S\$250,000. A breakdown of the level and mix of remuneration of these top five (5) key executives is as follows:-

Name	Breakdown	
		%
Oh Kok Thai	Salary	79
	Bonus	7
	Other benefits	14
Chiang Kian Ngee	Salary	80
	Bonus	4
	Other benefits	16
Hau Ee Boon	Salary	80
	Bonus	7
	Other benefits	13
Venetia Yong Chin Ching	Salary	77
	Bonus	7
	Other benefits	16
Hau Ee Beng	Salary	81
	Bonus	4
	Other benefits	15

None of these employees of the Company are related to directors of the Company.

The Board has not included a separate annual remuneration report in its annual report for FY2013 (as suggested by guidance note 9.1 of the Code) as the Board is of the view that the matters which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in the AR and in the financial statements of the Company.

## 4. Accountability and Audit

### 4.1 Accountability

*Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.*

The financial results of the Company will be published via SGXNET on a half yearly basis. The Company may also, on an ad hoc basis, hold media and analysts briefings and publish press releases of its financial results.



# Corporate Governance Report

## 4.2 Audit Committee (“AC”)

*Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The AC comprises three (3) members, all are independent and non-executive directors, namely Mr Hoon Tai Meng (“**Mr Hoon**”), Ms Kwok and Mr Foo. The chairman of the AC is Mr Hoon.

The Code recommends in Guideline 11.1 that all members of the AC should be non-executive, the majority of whom, including the chairman of the AC, should be independent.

The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experiences to discharge the AC’s function.

The AC comprise of members who have sufficient experience in finance, legal and business fields.

The AC performs the functions specified by the Companies Act, the Listing Manual and the Code and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

The AC has adopted written terms of reference. According to the written terms of reference, the AC has the authority to undertake such reviews and projects as it may consider appropriate in the discharge of its duties. The AC has full access to and the co-operation of the Management. The AC may invite any director or executive officer to attend its meetings and has reasonable resources to enable it to perform its functions.

In FY2013, the AC met twice. Details of the members’ attendance at AC meetings in FY2013 are provided in Section 1.1 of the AR.

The AC performed the following functions in FY2013:-

### (a) External Auditors

In the course of their audit, the external auditors have reviewed the financial controls in areas which could have a material impact on the financial statements with an aim to ensure that these are adequate for the financial statements attestation purpose. They have reported their observations and made recommendations for improvement to the AC. The AC has also reviewed the report and ensures that Management has taken appropriate actions.

For FY2013, the AC reviewed together with the external auditors:-

- (i) the audit plan (including, among others, the nature and scope of the audit before the audit commenced and the risk management issues of the Group);
- (ii) their evaluation of the financial controls in areas which could have a material impact on the financial statements;
- (iii) their audit report;



- (iv) the assistance given to them by the Company's officers;
- (v) the consolidated balance sheet and income statement of the Company; and
- (vi) the interested person transactions of the Group.

The external auditors did not provide any non-audit services to the Group in FY2013, and the AC is of the opinion that the external auditors' independence has not been compromised. The AC has reviewed the performance of the external auditors and recommended to the Board the re-appointment of the external auditors at the forthcoming AGM.

The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors. The AC is satisfied that the appointment of different external auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group. The company confirms that Rule 712 and Rule 716 of the Listing Manual have been complied with.

The AC has met up with the external auditors without the presence of Management in FY2013.

The Company has in place whistle-blowing policies and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting, or other matters whereby any reports are directed to the Chairman of the AC and the AC will be informed immediately of any whistle-blowing reports received.

#### **(b) Review of financial statements**

For FY2013, the AC reviewed the half-yearly and full year financial statements of the Company and the Group, including announcements relating thereto, to Shareholders and the SGX-ST.

#### **(c) Review of related party transactions**

The AC has reviewed related party transactions of the Group for FY2013 and reported its findings to the Board. Please refer to page 59 of the AR for further details on the related party transactions of the Group for FY2013.

### **4.3 Internal Controls**

*Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.*

The Board recognizes that it is responsible for the overall internal control framework, but accepts that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The AC will:



# Corporate Governance Report

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating and compliance controls and risk management, is conducted at least annually. Such review can be carried out by internal auditors/external auditors;
- ensure that the internal control recommendations made by internal and external auditors have been implemented by the Management; and
- ensure the Board is in a position to comment on the adequacy of the internal controls of the Group.

Relying on the reports from the internal and external auditors and management representative letters, the AC carries out assessment of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

The Directors have received and considered the confirmations in accordance with Rule 705(5) of the Listing Manual of the SGX-ST from the Chief Executive Officer, the Executive Director, the Group Financial Controller and senior management of the subsidiaries in relation to the financial information for the year.

Material associates and joint ventures which the Company does not control are not dealt with for the purposes of this statement.

Based on the various management controls put in place and the reports from the internal and external auditors, reviews and confirmations by the Management, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls addressing financial, operational and compliance risks during the year are adequate to safeguard the assets and ensure the integrity of financial statements. The Management continues to focus on improving the standard of internal controls and corporate governance.


## 4.4 Internal Audit

*Principle 13: The company should establishment an internal audit function that is independent of the activities it audits.*

In 2013, the Company has outsourced its internal audit function to a professional firm Messrs Nexia TS Pte Ltd ("**Nexia TS**"). The internal auditor reports directly to the AC on audit matters and to the Chairman and Managing Director on administrative matters. The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls and consequently to highlight the areas where control weaknesses exist, if any, and thus improvements could be made. The Company continues to work with the internal auditor to identify other scope of work which will help to further enhance the robustness of the Company's internal control.

The AC has reviewed the adequacy of the internal audit function at least annually and ensured that the internal audit function is adequately resourced and has appropriate standing within the Company. The AC has met with the internal auditors, without the presence of Management, at least once a year.





The internal auditor follows closely the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Board acknowledges that it is responsible for the overall internal control framework but notes that no system of internal control could provide absolute assurance against all irregularities.

## 5. Communications with Shareholders

### 5.1 *Principle 14: Companies should engage in regular, effective and fair communication with shareholders.*

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, either before the Company meets with any investors or analysts. All Shareholders receive the annual report and the notice of AGM (the “**Notice of AGM**”). The Notice of AGM is advertised in the newspapers and published via SGXNet.

### 5.2 *Principle 15: Companies should encourage greater Shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

Our shareholders are encouraged to attend the AGM to ensure a high level of accountability and to be updated on the Company's strategies and goals. Notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes the views of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an ad hoc basis. At AGMs, Shareholders are given the opportunity to air their views and to ask the Directors and Management questions regarding the Group. Furthermore, the external auditors are present to assist our Board in addressing any relevant queries by our shareholders.

## 6. Risk Management

The Board and Management are responsible for monitoring the Group's risk management. They regularly review the Group's business and take necessary steps to identify and highlight areas of significant business risks as well as take the appropriate measures to control and mitigate these risks.

## 7. Dealings in Securities

The Company has adopted its own internal Code of Conduct to provide guidance to all Directors and officers of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with the Rule 1207(19) of the Listing Manual of the SGX-ST.

# Corporate Governance Report

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

## 8. Material Contracts

Other than disclosed in the audited financial statements and the service agreements between the Executive Directors and the Company, there was no material contracts to which the Company or any subsidiary company is a party and which involve the chief executive officer, directors and controlling shareholders' interests subsisted at the end of the financial year, or have been entered into since the end of the previous year.

## 9. Interested Person Transactions

Save as disclosed in the financial statements, there was no interested person transactions with aggregate value of S\$100,000 or more for the financial year ended 30 September 2013.

**John Chen Seow Phun**  
Executive Chairman



# Statistics of Shareholdings

as at 12 December 2013

## Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	112	5.66	46,153	0.02
1,000 – 10,000	756	38.22	2,769,958	1.34
10,001 – 1,000,000	1,091	55.16	80,509,281	38.75
1,000,001 and above	19	0.96	124,423,308	59.89
TOTAL :	1,978	100.00	207,748,700	100.00

## Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Teo Kiang Ang	27,632,000	13.30
2.	Lee Tong Soon	23,528,226	11.33
3.	Kok Nyong Patt	22,815,225	10.98
4.	Unigold Asia Limited	22,252,725	10.71
5.	Chua Yew Chye	3,600,000	1.73
6.	Chan I-Harn Alvin	3,187,000	1.53
7.	OCBC Securities Private Limited	2,472,708	1.19
8.	Tan Sia Keng	2,336,000	1.12
9.	United Overseas Bank Nominees (Private) Limited	2,178,500	1.05
10.	UOB Kay Hian Private Limited	1,852,750	0.89
11.	DBS Nominees (Private) Limited	1,815,750	0.87
12.	Lee Sze Kian	1,813,000	0.87
13.	Teo Kok Leong	1,529,000	0.74
14.	Maybank Kim Eng Securities Pte. Ltd.	1,528,924	0.74
15.	HL Bank Nominees (Singapore) Pte Ltd	1,269,000	0.61
16.	Cheong Poh Neo Pauline	1,250,000	0.60
17.	Miguel Borges Vidal	1,160,250	0.56
18.	Phillip Securities Pte Ltd	1,130,250	0.54
19.	Gan Suat Lui	1,072,000	0.52
20.	Chua Yue Peng	1,000,000	0.48
TOTAL :		125,423,308	60.36



# Statistics of Shareholdings

as at 12 December 2013 (cont'd)

## SHAREHOLDING INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AS AT 12 DECEMBER 2013

Name	No. of Shares in which the Substantial Shareholder has a direct interest	%	No. of Shares in which the Substantial Shareholder has a deemed interest	%	Total Shares
Teo Kiang Ang	27,632,000	13.30	–	–	27,632,000
Lee Tong Soon <sup>(1)</sup>	23,528,226	11.33	12,500	0.01	23,540,726
Kok Nyong Patt <sup>(2)</sup>	22,815,225	10.98	12,500	0.01	22,827,725
John Chen Seow Phun <sup>(3)</sup>	–	–	22,315,225	10.74	22,315,225
Unigold Asia Limited	22,252,725	10.71	–	–	22,252,725

Notes:

- (1) Mr Lee Tong Soon is deemed to be interested in the Shares held by his spouse.
- (2) Mr Kok Nyong Patt is deemed to be interested in the Shares held by his spouse.
- (3) 62,500 Shares are held in the name of Lim Kok Huang who is the spouse of Dr John Chen Seow Phun.

Dr John Chen Seow Phun is sole director and sole shareholder of Unigold Asia Limited. Accordingly, he is deemed to be interested in 22,252,725 shares held by Unigold Asia Limited by virtue of Section 7 of the Companies Act, Chapter 50.

## Rule 723 of the SGX Listing Manual – Free Float

As at 12 December 2013, approximately 53.61% of the issued share capital of the Company was held in the hands of public as defined in the SGX Listing Manual. Accordingly, the Company confirms that Rule 723 of the Listing Manual is complied with.



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Thai Village Holdings Ltd (the “**Company**”) will be held at Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691 on Friday, 24 January 2014 at 3.00 p.m. for the following purposes:

## **AS ORDINARY BUSINESS**

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the financial year ended 30 September 2013 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$320,000 for the financial year ending 30 September 2014, with payment to be made in arrears. (2013: S\$320,000) **(Resolution 2)**
3. To re-elect Ms Julia Kwok Yung Chu who retires pursuant to Article 107 of the Articles of Association of the Company. **(Resolution 3)**  
[See Explanatory Note (i)]
4. To re-elect Mr Hoon Tai Meng who retires pursuant to Article 107 of the Articles of Association of the Company. **(Resolution 4)**  
[See Explanatory Note (ii)]
5. To re-appoint Messrs Ernst & Young LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

## **AS SPECIAL BUSINESS**

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

7. **Authority to issue shares pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Chapter 50 (the “**Companies Act**”) to issue shares and convertible securities of the Company on such terms and conditions and for such purposes and to such persons and with such rights or restrictions as the Directors may in their absolute discretion deem fit PROVIDED ALWAYS THAT the aggregate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed fifty per cent (50%) of the total issued share capital (excluding treasury shares) of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total issued share capital (excluding treasury shares) of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting. For the

# Notice of Annual General Meeting

purposes of this resolution, the percentage of the total issued share capital (excluding treasury shares) shall be based on the Company's total issued share capital (excluding treasury shares) at the time of the passing of this resolution after adjusting for:

- (a) new shares arising from the conversion or exercise of convertible securities or from exercising employee share options or vesting of shares awards outstanding or subsisting at the time of the passing of this resolution, provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and
  - (b) any subsequent bonus issue, consolidation or subdivision of shares. **(Resolution 6)**
- [See Explanatory Note (iii)]

## 8. **Renewal of Share Purchase Mandate**

That:

- (1) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (a) market purchase(s) transacted on the SGX-ST through the SGX-ST trading system and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**") through one or more duly licensed dealers appointed by the Company for the purpose; and/or
  - (b) off-market purchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");
- (2) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
  - (a) the date on which the next Annual General Meeting of the Company is held or is required by law to be held; or
  - (b) the date on which the Share Buyback is carried out to the full extent mandated.
- (3) in this Resolution:



“Average Closing Price” means the average of the last dealt prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of the market purchase by the Company and deemed to be adjusted in accordance with the Listing Manual for any corporate action that occurs after the relevant five-day period;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for an off-market purchase, stating the purchase price (which shall not be more than the Maximum Price of the Shares calculated on the foregoing basis) for each Share, and the relevant terms of the equal access scheme for effecting the off-market purchase;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase;

“Maximum Limit” means that number of issued Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 120% of the Highest Last Dealt Price of the Shares; and

“Share” means an ordinary share in the capital of the Company; and

- (4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 7)**  
[See Explanatory Note (iv)]

BY ORDER OF THE BOARD

Chew Kok Liang  
Loh Siew Lee  
Company Secretaries

Singapore  
2 January 2014



# Notice of Annual General Meeting

## **Explanatory Notes:**

- i) Ms Julia Kwok Yung Chu will, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee, a member of the Audit Committee and Remuneration Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- ii) Mr Hoon Tai Meng will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- iii) The Ordinary Resolution 6 above, if passed, will empower the Directors of the Company from the date of the meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to a maximum of fifty per cent (50%) of the total issued share capital (excluding treasury shares) of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.
- iv) The Ordinary Resolution 7 above, if passed, will authorise the Company to adopt the Share Buyback Mandate and empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire issued shares in the capital of the Company pursuant to the terms of the Share Buyback Mandate. This authority will continue in force until the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

## **Notes:**

- (1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Block 1002 Tai Seng Avenue, #01-2536, Singapore 534409 not less than forty-eight (48) hours before the time appointed for holding the meeting.



# THAI VILLAGE HOLDINGS LTD

(Company Registration No. 199905141N)  
(Incorporated In the Republic of Singapore)

## ANNUAL GENERAL MEETING PROXY FORM

### IMPORTANT:

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

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Thai Village Holdings Ltd (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691 on Friday, 24 January 2014 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:		For	Against
	<b>Ordinary Business</b>			
1	Directors' Report and Audited Accounts for the financial year ended 30 September 2013			
2	Approval of Directors' fees amounting to S\$320,000 for the financial year ending 30 September 2014, with payment to be made in arrears			
3	Re-election of Ms Julia Kwok Yung Chu as a Director under Article 107			
4	Re-election of Mr Hoon Tai Meng as a Director under Article 107			
5	Re-appointment of Ernst & Young LLP as Auditors and to authorised the Directors of the Company to fix their remuneration			
	<b>Special Business</b>			
6	Authority to issue new shares			
7	Renewal of Share Buyback Mandate			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

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

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

\*Delete where inapplicable

**Notes :**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint more than one proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If not such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any other named proxy as alternate(s) to the first named.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Block 1002 Tai Seng Avenue, #01-2536, Singapore 534409 not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**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 forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.