Pavillon Holdings Ltd.

MOVING FORWARD

Annual Report 2014

CONTENT

CORPORATE STRUCTURE

Pavillon Holdings Ltd

- **Self-Managed Restaurants**
  - **SINGAPORE**
    - Goodwood Park
    - Singapore Indoor Stadium
    - Jurong
  - **CHINA**
    - Shanghai, Sunshine
    - Shanghai, Pudong
- **Franchise Restaurants**
  - **CHINA**
    - Shanghai, Yangpu
    - Fengxian
  - **INDONESIA**
    - Surabaya
  - **VIETNAM**
    - Ho Chi Minh City
    - Hanoi
- **Property Business**
  - **CHINA**
    - Shanghai
    - Tianjin

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

1. **Dr. John Chen Seow Phun**
   Executive Chairman
2. **Mr Lee Tong Soon**
   Managing Director

Dear Shareholders

In 2013, the Group met with many challenges but we were able to react confidently and surely. This measure of uncertainty remained throughout 2014, with the shift in consumption habits continuing in the markets we operate in. Total revenue of the Group increased by approximately $1.7m as compared to the previous year mainly due to the change in financial year end to 31 December which resulted in a 15 month period for the current financial year. Gross profit margin increased slightly to 67.1% as compared to 66.5% in the previous year as a result of better management of raw material costs.

Turnover in the F & B business is on the decline, with Singapore performing worse than the year before. Notably, the relocation of the restaurant also affected business. On record however, because of the longer financial period, our Singapore operations increased revenue by approximately $1.5m. Keen competition in the Singapore F & B industry clearly affected this area of business, compounded by increased personnel costs.

In China, demand for high-end dining went down. Despite the longer financial year, revenue from the PRC operations increased only by $0.1m as compared to the previous year due to slower sales.

Positive Outlooks

In spite of a tough market, the Group's F & B operations saw some positive developments in 2014. The restaurant at the Indoor Stadium enjoyed a higher rate of patronage and better business, largely thanks to increased activities at the stadium. The bigger car park also meant greater convenience for restaurant diners. A further factor that contributed to the business was the joint marketing effort via tie-ups with banks and their credit cards.

As we move into 2015, plans are underway to introduce new dining concepts that are clearly developed with younger consumers in mind. We expect that this market will be more appreciative of quality fare consumed within premises that have the right ambience.

Planning Ahead

A new franchise outlet is expected to commence operations in Cambodia in the second half of year 2015. We foresee a strong potential for franchises in this newly-emerging market, with expected growth and demand for quality F & B establishments.

At the Group's last EGM, it was decided that property-related projects would be included as a new core

2014 was a **challenging year** for the Group. However, we believe that **the plans we have laid out will help create a strong platform** for us to move towards a more positive future.

business for the Group. Two projects in China were identified and studied closely in order to ascertain profitability and potential. After much deliberation, plans to proceed were dropped due to the marked softening of the property market in China, and the risks involved in committing huge financial resources for such projects.

The Group will also be pushing ahead to commence financial leasing services in China. This will be the Group's new focus for 2015, as part of our transformation. To this end, we intend to seek support from shareholders.

Dividend

We are proposing no dividends to be paid at our upcoming Annual General Meeting.

Conclusion

2014 was a challenging year for the Group. However, we believe that the plans we have laid out will help create a strong platform for us to move towards a more positive future. On behalf of the Board, we would like to express our appreciation to our management and staff for their dedication and commitment. We would also like to thank our business partners and shareholders for their continued support. Let us move forward together for a better 2015.

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

OPERATIONS REVIEW



Turnover and Earnings

Total revenue of the Group increased by approximately $1.7m as compared to the previous year, mainly due to the change in financial year end to 31 December, which resulted in a 15 month period for the current financial year. Cost of raw materials used increased by approximately $0.4m, is in line with higher sales reported for the current financial year. Gross profit margin increased slightly to 67.1% as compared to 66.5% in the previous year, as a result of better management of raw material costs. Other income remains at approximately $0.3m.

Personnel costs increased by approximately $2.5m mainly due to the longer financial year. Foreign exchange gain was mainly attributable to strengthening of the Renminbi against the Singapore Dollar. Depreciation expenses increased by approximately $0.2m and other operating costs increased by approximately $1.4m, mainly due to increase in the number of months in the current financial year. Previous year's profit after taxation of $1.3m turned into a loss after taxation of $1.1m, mainly due to lower monthly sales, increase in personnel costs and losses incurred by Qibao outlet in Shanghai, which has been closed during the financial year.

Singapore

Revenue from Singapore operations increased by approximately $1.5m as compared to the previous year, mainly due to the longer financial period. Gross profit margin improved slightly as a result of better control of raw material costs. Profit after taxation (PAT) from restaurant operations decreased by approximately $0.8m, mainly due to lower monthly sales recorded as a result of keen competition in the F&B industry. PAT from management services decreased by approximately $0.9m, mainly due to increase in personnel costs and lower monthly management fee income as a result of slower restaurant sales.

People's Republic of China

Revenue from the PRC operations increased by approximately $0.1m as compared to the previous year, mainly due to the longer financial year being off- set by lower monthly sales recorded, as a result of moderation in high-end F&B spending and closure of the Qibao outlet in Shanghai . Loss after taxation from restaurant operations increased by approximately $0.5m, mainly due to slower sales and losses incurred by Qibao outlet. Property operations incurred a loss after taxation of $0.2m during the financial year mainly due to start-up expenses.



Franchise Operations

Royalty income from franchise outlets in Vietnam and Indonesia remained stable, but royalty income from the PRC decreased by approximately $0.2m, mainly due to closure of 4 franchise outlets during the financial year. The Group now has 1 franchise outlet in Indonesia and 2 franchise outlets each in China and Vietnam.

Human Resource Management

The Group's emphasis on training and developing our human resources remains stronger than ever. HR plans set up last year to deal with the global skilled labour crunch has seen results. Across the board, we are seeing increased productivity at all levels of staff, including employees at the management level. Adding to the existing plans are initiatives to provide in-house training so that our staff are better equipped to deliver better quality food and better service to our customers.

Balance Sheet and Cash Flow

Non-current assets increased by approximately $0.7m, mainly due to capitalisation of reinstatement cost and purchase of motor vehicles. Current assets increased by approximately $22.8m, mainly due to $24.8m share placement proceeds received during the financial year. Stocks decreased by approximately $0.4m due to slower sales. Other debtors, derivative assets and loans receivable decreased by approximately $7.5m, mainly due to receipt of the principal sum and interest of the loans granted. Current liabilities decreased by approximately $0.6m, mainly due to decrease in trade creditors as a result of lower purchases.

Net cash flow used in operating activities of approximately $1.2m, arose mainly from the $0.9m loss before taxation incurred in the current financial year. Net cash flow generated from investing activities of $7.3m, arose mainly from interest income and repayment of loans collected, and net cash flow generated from financing activities of $24.8m arose from share placement proceeds received during the financial year.

To date, the $24.8m share placement proceeds have not been utilised.

BOARD OF DIRECTORS

1 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.

2 MR ZHENG FENGWEN
Executive Director and CEO

Mr Zheng was appointed executive director and CEO on 27 March, 2014. He graduated from Shandong University (China) with a bachelor's degree, and obtained an EMBA degree from Fudan University (China). Mr Zheng has more than 20 years of experience in investment management, and once held the following positions: Chairman of Shan Dong Zhong Run Real Estate Ltd. (山东中润房地产有限公司), Chairman of Zhong Run Resource Investment Ltd. (中润资源投资股份有限公司), and Director of British company, Vatukoula Gold Mine Ltd. He is now the Chairman of Hui Bang Investment Co. Ltd.

3 MR LEE TONG SOON
Managing Director

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.

4 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.

5 MS CHEN LIPING
Executive Director

Ms Chen was appointed an Executive Director of the company on 27 March 2014. She has a Bachelor Degree in Economics from Nankai University and a Master Degree in Business from University of Hull. She has few years of experience in commercial bank after graduation. She was the Chief Editor of the magazine "China Business News" and 《The Fund》. She founded the Innovative Corporation Pte Ltd as Chairman and has approximately 15 years of experience in real estate development and set up "Singapore Greenhouse" kindergarten and primary school. She also founded the "International Brand Summit", established the "Gold Brand Award" and set up Environlab & Tech (Asia) pte ltd in 2011.

6 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 Chartered Accountant (Singapore) and a Barrister-at-Law (Middle Temple, United Kingdom). He is also an Independent Director of Sin Ghee Huat Corporation Ltd.

BOARD OF DIRECTORS

7 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 the President, South East Asia of Putien Services Pte Ltd as well as a business and financial consultant to various clients of Olea Private Limited.

8 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 and Sin Lian Holding Ltd.

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

9 MS JO-ANNE CHANG
Non-Executive and Non-Independent Director

Ms Jo-Anne Chang joined the Board of Pavillon Holdings Ltd as a Non-Executive and Non-Independent Director on 1 September 2014. She is currently a Director and Shareholder of Rossbay Private Limited, which owns approximately 10.32% of Pavillon Holdings. As the CEO of Rossbay, Ms Chang is active in originating and managing investments. Prior to Rossbay, she had held various positions in several companies including Merrill Lynch and Standard Chartered Bank.

Ms Chang holds a Bachelor of Laws (LLB) and a Master of Laws (LLM) from King's College, University of London, and is a Barrister-at-Law at Lincoln's Inn, London. She also holds a Master of Business Administration (MBA) from the New York University Leonard N. Stern School of Business.

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 financial 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 a Chartered Accountant (Singapore).

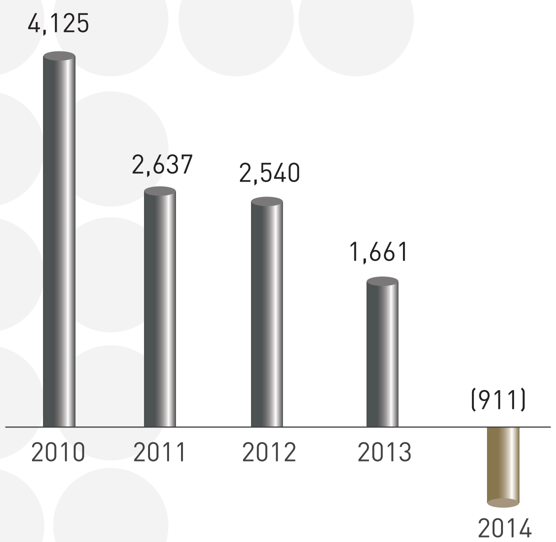
MR KENNY CHIANG KIAN NEE

General Manager (China Operation)

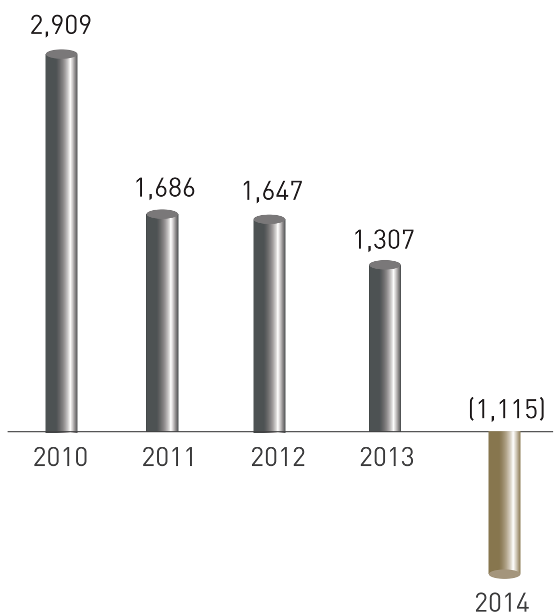
He is responsible for the operations and business development of the Group's subsidiaries and franchisees in the PRC. Prior to joining the Group in December 1999, Mr Chiang was a real estate manager with MLS Pro-Link Pte Ltd from 1995 to 1999. Mr Chiang also worked as a cargo officer with Hong Lam Bunkers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

FINANCIAL HIGHLIGHTS

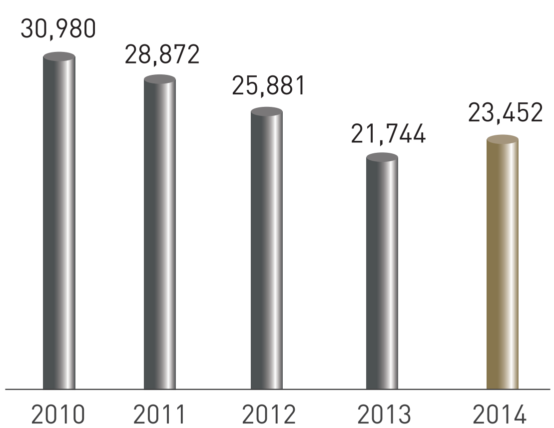
PROFIT/(LOSS) BEFORE TAXATION (S$'000)



PROFIT/(LOSS) AFTER TAXATION (S$'000)



TURNOVER (S$'000)



The above FY2014 financials are on 15 month basis due to change of financial year end.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. John Chen Seow Phun *(Executive Chairman)*
Mr Zheng Fengwen *(Executive Director and CEO)*
Mr Lee Tong Soon *(Managing Director)*
Mr Kok Nyong Patt *(Executive Director)*
Ms Chen Liping *(Executive Director)*
Mr Hoon Tai Meng *(Independent Director)*
Ms Julia Kwok Yung Chu *(Independent Director)*
Mr Foo Der Rong *(Independent Director)*
Ms Jo-Anne Chang
(Non-Executive and Non-Independent Director)

JOINT COMPANY SECRETARIES

Mr Chew Kok Liang
Ms Loh Siew Lee

REGISTERED OFFICE

Block 1002 Tai Seng Avenue
#01-2536 Singapore 534409
Tel: +65 6487 6182
Fax: +65 6487 6183

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
Industrial and Commercial Bank of China Limited

OUR
INTERNATIONAL PRESENCE

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

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

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Pavillon 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 period ended 31 December 2014.

Directors

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

Dr. John Chen Seow Phun
Zheng Fengwen (Appointed on 27 March 2014)
Lee Tong Soon
Kok Nyong Patt
Chen Liping (Appointed on 27 March 2014)
Hoon Tai Meng
Julia Kwok Yung Chu
Foo Der Rong
Jo-Anne Chang (Appointed on 1 September 2014)

In accordance with Articles 107 and 117 of the Company's Articles of Association, Kok Nyong Patt, Foo Der Rong, Chen Liping, Zheng Fengwen and Jo-Anne Chang, 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 period 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 period, 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		
	At 1.10.2013 or date of appointment	31.12.2014	21.1.2015	At 1.10.2013 or date of appointment	31.12.2014	21.1.2015
The Company						
Dr. John Chen Seow Phun	–	–	–	22,315,225[1]	22,315,225[1]	22,315,225[1]
Zheng Fengwen	–	–	–	100,000,000[2]	100,000,000[2]	100,000,000[2]
Lee Tong Soon	23,528,226	23,528,226	23,528,226	12,500[3]	12,500[3]	12,500[3]
Kok Nyong Patt	22,815,225	25,015,225	25,015,225	12,500[4]	12,500[4]	12,500[4]
Chen Liping	80,000,000	1,300,000	1,300,000	–	–	–
Julia Kwok Yung Chu	55,000	55,000	55,000	–	–	–
Jo-Anne Chang	–	–	–	40,000,000[5]	40,000,000[5]	40,000,000[5]

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

Notes:

[1] 62,500 (2013: 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 (2013: 22,252,725) shares are held in the name of Unigold Asia Limited, which is wholly owned by Dr. John Chen Seow Phun.

[2] Mr Zheng Fengwen is the beneficial owner of 100,000,000 shares held by Citibank Nominees Singapore Pte Ltd.

[3] 12,500 (2013: 12,500) shares are held in the name of Lim Teck Eng, who is the spouse of Lee Tong Soon;

[4] 12,500 (2013: 12,500) shares are held in the name of the late Ho Choy Pheng deceased on 25 February 2015, who was the spouse of Kok Nyong Patt;

[5] 40,000,000 shares are held in the name of Rossbay Private Limited, of which Jo-Anne Chang is a director and shareholder.

Except as disclosed in this report, no other director who held office at the end of the financial period had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial period, or date of appointment if later, or at the end of the financial period, or on 21 January 2015.

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, compliance and information technology 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;

DIRECTORS' REPORT

Audit Committee (cont'd)

- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual;

- Meets with the external auditors, internal 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 three (3) meetings during the period with full attendance from all members. The AC has also met with the external auditors and internal 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 auditor.

On behalf of the Board of directors:

Lee Tong Soon
Managing Director

Kok Nyong Patt
Executive Director

Singapore
23 March 2015

STATEMENT BY DIRECTORS

We, Lee Tong Soon and Kok Nyong Patt, being two of the directors of Pavillon 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 31 December 2014, 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 period 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
23 March 2015

INDEPENDENT AUDITOR'S REPORT

For the financial period ended 31 December 2014

Report on the financial statements

We have audited the accompanying financial statements of Pavillon Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 20 to 75, which comprise the balance sheets of the Group and the Company as at 31 December 2014, 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 period from 1 October 2013 to 31 December 2014, 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 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the period from 1 October 2013 to 31 December 2014.

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
23 March 2015

BALANCE SHEETS

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	3,174	2,451	3	–
Investments in subsidiaries	5	–	–	3,014	2,061
Deposits	10	528	552	–	–
Other debtors	10	62	80	62	80
		3,764	3,083	3,079	2,141
Current assets					
Loan receivables	6	–	5,856	–	5,856
Derivative asset	7	–	948	–	948
Stocks	8	1,539	1,979	–	–
Trade debtors	9	30	116	16	17
Other debtors	10	145	855	45	667
Deposits	10	51	300	–	–
Prepayments		110	74	42	13
Amounts due from subsidiaries (trade)	11	–	–	1,329	1,311
Amounts due from subsidiaries (non-trade)	11	–	–	1,171	2,470
Cash and cash equivalents	12	41,383	10,303	37,474	4,859
		43,258	20,431	40,077	16,141
Total assets		47,022	23,514	43,156	18,282
EQUITY AND LIABILITIES					
Current liabilities					
Trade creditors	13	634	948	–	–
Other creditors and accruals	14	1,563	1,585	521	521
Provisions	14	–	110	–	–
Franchise deposits	14	30	50	30	50
Deferred rental income	14	12	15	–	–
Deferred revenue	14	1,609	1,678	–	–
Income tax payable		325	350	263	158
		4,173	4,736	814	729
Net current assets		39,085	15,695	39,263	15,412

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
EQUITY AND LIABILITIES (cont'd)					
Non-current liabilities					
Deferred rental income	14	16	33	–	–
Provisions	14	280	–	–	–
Franchise deposits	14	80	100	80	100
Deferred tax liabilities	15	128	110	–	–
		504	243	80	100
Total liabilities		4,677	4,979	894	829
Net assets		42,345	18,535	42,262	17,453
Equity attributable to owners of the Company					
Share capital	16	39,433	14,593	39,433	14,593
Statutory reserve	17	684	684	–	–
Foreign currency translation reserve	18	(174)	(259)	–	–
Revenue reserve		2,360	3,475	2,829	2,860
		42,303	18,493	42,262	17,453
Non-controlling interests		42	42	–	–
Total equity		42,345	18,535	42,262	17,453
Total equity and liabilities		47,022	23,514	43,156	18,282

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 October 2013 to 31 December 2014

	Note	Group 1.10.2013 to 31.12.2014 $'000	Group 1.10.2012 to 30.9.2013 $'000
Revenue	19	23,452	21,744
Other items of income			
Interest income	20	1,279	1,227
Other income	21	354	316
Items of expenses			
Raw materials and changes in inventories		(7,715)	(7,286)
Employee benefits expenses	22	(10,410)	(7,932)
Depreciation expense	4	(1,117)	(907)
Net foreign exchange gain		231	68
Other expenses		(6,985)	(5,569)
(Loss)/profit before taxation	23	(911)	1,661
Income tax expense	24	(204)	(354)
(Loss)/profit for the financial period attributable to owners of the Company		(1,115)	1,307
Other comprehensive income:			
Foreign currency translation		85	127
Other comprehensive income for the financial period, net of tax		85	127
Total comprehensive income for the financial period attributable to owners of the Company		(1,030)	1,434
(Loss)/earnings per share attributable to owners of the Company (cents per share)			
Basic	25	(0.35)	0.63
Diluted	25	(0.35)	0.63

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 31 December 2014

Group	Note	Attributable to owners of the Company						
		Share capital (Note 16)	Statutory reserve (Note 17)	Revenue reserve	Foreign currency translation reserve (Note 18)	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014								
Balance as at 1 October 2013		14,593	684	3,475	(259)	18,493	42	18,535
Loss for the financial period		–	–	(1,115)	–	(1,115)	–	(1,115)
Other comprehensive income								
Foreign currency translation		–	–	–	85	85	–	85
Total other comprehensive income for the financial period, net of tax		–	–	–	85	85	–	85
Total comprehensive income for the financial period		–	–	(1,115)	85	(1,030)	–	(1,030)
Contributions by and distributions to owners								
Shares issued		24,840	–	–	–	24,840	–	24,840
Total contributions by and distributions to owners		24,840	–	–	–	24,840	–	24,840
Balance as at 31 December 2014		39,433	684	2,360	(174)	42,303	42	42,345

STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 31 December 2014

Group	Note	Share capital (Note 16) $'000	Statutory reserve (Note 17) $'000	Revenue reserve $'000	Foreign currency translation reserve (Note 18) $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company						
2013								
Balance as at 1 October 2012		14,593	733	3,781	(386)	18,721	42	18,763
Profit for the financial period		–	–	1,307	–	1,307	–	1,307
Other comprehensive income								
Foreign currency translation		–	–	–	127	127	–	127
Total other comprehensive income for the financial period, net of tax		–	–	–	127	127	–	127
Total comprehensive income for the financial period		–	–	1,307	127	1,434	–	1,434
Contributions by and distributions to owners								
Dividends on ordinary shares	26	–	–	(1,662)	–	(1,662)	–	(1,662)
Total contributions by and distributions to owners		–	–	(1,662)	–	(1,662)	–	(1,662)
Others								
Transfer from statutory reserve		–	(49)	49	–	–	–	–
Total others		–	(49)	49	–	–	–	–
Balance as at 30 September 2013		14,593	684	3,475	(259)	18,493	42	18,535

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

Company	Note	Share capital (Note 16)	Revenue reserve	Total equity
		$'000	$'000	$'000
2014				
Balance as at 1 October 2013		14,593	2,860	17,453
Loss for the financial period, representing total comprehensive income for the financial period		–	(31)	(31)
Contributions by and distributions to owners				
Share placement proceed		24,840	–	24,840
Total contributions by and distribution to owners		24,840	–	24,840
Balance as at 31 December 2014		39,433	2,829	42,262
2013				
Balance as at 1 October 2012		14,593	2,319	16,912
Profit for the financial period, representing total comprehensive income for the financial period		–	2,203	2,203
Contributions by and distributions to owners				
Dividends on ordinary shares	26	–	(1,662)	(1,662)
Total contributions by and distribution to owners		–	(1,662)	(1,662)
Balance as at 30 September 2013		14,593	2,860	17,453

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2014

	Group 2014 $'000	Group 2013 $'000
Cash flows from operating activities		
(Loss)/profit before taxation	(911)	1,661
Adjustments for:		
Gain on disposal of subsidiary	–	(2)
Trade Debtors written off	104	214
Impairment loss on trade debtors	–	100
Impairment loss on other debtors	–	27
Impairment loss on property, plant and equipment/(write back of impairment loss)	82	(58)
Depreciation of property, plant and equipment	1,117	907
Property, plant and equipment written off	147	4
Interest income	(1,279)	(1,227)
Gain on disposal of property, plant and equipment	(155)	–
Fair value gain on derivative asset	–	(184)
Exchange differences	(59)	(155)
Operating cash flows before changes in working capital	(954)	1,287
Changes in working capital:		
Decrease in stocks	440	87
Increase in trade debtors	(18)	(324)
Decrease/(increase) in other debtors, deposits and prepayments	52	(275)
(Decrease)/increase in trade creditors	(314)	531
Decrease in other creditors and accruals, franchise deposits, deferred rental income, and deferred revenue	(190)	(320)
Cash flows (used in)/generated from operations	(984)	986
Taxes paid	(222)	(623)
Net cash flows (used in)/generated from operating activities	(1,206)	363
Cash flows from investing activities		
Interest received	2,996	155
Purchase of property, plant and equipment	(1,844)	(274)
Net cash inflow from disposal of a subsidiary	–	2
Loan receivables	6,000	(4,000)
Proceeds from disposal of property, plant and equipment	155	–
Net cash flow generated from/(used in) investing activities	7,307	(4,117)
Cash flows from financing activities		
Payment of dividends to shareholders	–	(1,662)
Proceeds from issuance of shares	24,840	–
Net cash flows generated from/(used in) financing activities	24,840	(1,662)
Net increase/(decrease) in cash and cash equivalents	30,941	(5,416)
Effect of exchange rate changes on cash and cash equivalents	139	262
Cash and cash equivalents at beginning of financial period	10,303	15,457
Cash and cash equivalents at end of financial period (Note 12)	41,383	10,303

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

NOTES
TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2014

1. Corporate information

Pavillon 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, property related business, franchising and provision of management services to its subsidiaries. There have been no significant changes in the nature of these activities during the financial period.

The principal activities of the subsidiaries are as shown in Note 5 to the financial statements.

With effect from 28 January 2014, the Company has changed its name from Thai Village Holdings Ltd to Pavillon Holdings Ltd.

During the period, the Company has also changed its financial year end from 30 September to 31 December. Accordingly, these financial statements cover the period from 1 October 2013 to 31 December 2014. The comparatives cover the period from 1 October 2012 to 30 September 2013.

Related companies in these financial statements refer to the companies within Pavillon 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 period except in the current financial period, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 October 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

2.3 *Standards issued but not yet effective*

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

Description	*Effective for annual periods beginning on or after*
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
– Amendments to FRS 102 *Share Based Payment*	1 July 2014
– Amendments to FRS 103 *Business Combinations*	1 July 2014
– Amendments to FRS 108 *Operating Segments*	
– Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
– Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
– Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
– Amendments to FRS 103 *Business Combinations*	1 July 2014
– Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Classification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisition of Interests in Joint Operations*	1 January 2016
Amendments to FRS 1 *Disclosre Initiative*	1 January 2016
Amendments to FRSs (November 2014)	1 January 2016
FRS115 *Revenue from Contracts with Customers*	1 January 2017

With the exception of FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

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

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

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

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.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

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

(b) ***Business combinations and goodwill***

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

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

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

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

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

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

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

2.5 *Transactions with non-controlling interests*

Non-controlling 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.

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

2.5 *Transactions with non-controlling interests* (cont'd)

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.

(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.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

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 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.

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

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 available-for-sale financial assets and 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. 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. Derivatives, including separated embedded derivatives are also classified as held for trading.

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 measured at fair value with changes in fair value recognised 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.

(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.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

2.9 *Financial assets* (cont'd)

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.

(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.

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

2.10 *Impairment of assets* (cont'd)

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

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

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

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

(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.

(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.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

2.10 *Impairment of assets* (cont'd)

(b) ***Impairment of non-financial assets*** **(cont'd)**

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.

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

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.

Subsequent measurement

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

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.

NOTES
TO THE FINANCIAL STATEMENTS

For the financial period ended 31 December 2014

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

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.

2.18 *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:-

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

2.18 *Revenue* (cont'd)

(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. 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.

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.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

2.19 *Taxes* (cont'd)

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

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.

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

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 29, 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.

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.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

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:

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 31.

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 (2013: 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 of each reporting period is disclosed in Note 4 to the financial statements. A 5% (2013: 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 4.8% (2013: 3.3%) variance in the Group's net profit for the financial year.

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

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

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 9 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 31 December 2014 are $325,000 (2013: $350,000) and $263,000 (2013: $158,000) respectively. The carrying amount of the Group's deferred tax liabilities as at 31 December 2014 is $128,000 (2013: $110,000).

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

4. Property, plant and equipment

Group	Leasehold properties	Furniture, fixtures and equipment	Kitchen and restaurant equipment	Motor vehicles	Computers	Operating supplies	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
Balance as at 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 and 1 October 2013	2,812	5,255	953	1,340	325	2	10,687
Additions*	–	1,092	43	881	23	25	2,064
Disposals and write-offs	–	(2,142)	(248)	(422)	(173)	–	(2,985)
Translation differences	–	137	26	6	3	–	172
Balance as at 31 December 2014	2,812	4,342	774	1,805	178	27	9,938
Accumulated depreciation and impairment loss							
Balance as at 1 October 2012	1,822	5,115	745	467	251	2	8,402
Charge for the financial period	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 and 1 October 2013	1,921	4,601	758	705	249	2	8,236
Charge for the financial period	132	552	45	315	72	1	1,117
Disposals and write-offs	(1)	(2,073)	(176)	(422)	(166)	–	(2,838)
Impairment loss	–	61	11	8	2	–	82
Translation differences	–	139	12	7	9	–	167
Balance as at 31 December 2014	2,052	3,280	650	613	166	3	6,764
Net carrying amount							
Balance as at 31 December 2014	760	1,062	124	1,192	12	24	3,174
Balance as at 30 September 2013	891	654	195	635	76	–	2,451

* Cash payments of $1,844,000 (2013: $274,000) were made to purchase property, plant and equipment during the financial period.

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

Impairment of property, plant and equipment

During the year, an impairment loss of $82,000 was recognised on plant and equipment of a subsidiary of the Group that has been making operating losses. In prior period, impairment loss of $58,000 was written back as the subsidiary was disposed.

	Computers 2014 $
Company	
Cost	
Balance as at 1 October 2012, 30 September 2013 and 1 October 2013	–
Additions	13
Balance as at 31 December 2014	13
Accumulated depreciation	
Balance as at 1 October 2012, 30 September 2013 and 1 October 2013	–
Charge for the year	11
Balance as at 31 December 2014	11
Net carrying amount	
Balance as at 31 December 2014	2
Balance as at 30 September 2013	–

5. Investments in subsidiaries

	Company	
	2014 $'000	**2013** $'000
Unquoted equity shares, at cost	3,014	2,061

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

5. Investments in subsidiaries (cont'd)

Details of the subsidiaries as at 31 December and 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	
			2014	2013	2014	2013
			%	%	$'000	$'000
Held by the Company						
Thai Village Restaurant Pte. Ltd. [1] (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 [1]	Investment holding	Republic of Singapore	100	100	@	@
Thai Village (China) Pte. Ltd. [1]	Investment holding	Republic of Singapore	100	100	@	@
Pavillon Financial Leasing Co., Ltd [a] [2]	Financing and leasing of properties and all kind of machineries, tools, equipment and instruments of every kind of description related to the said properties	People's Republic of China	100	–	387	–
Pavillon Business Development (Shanghai) Co.,Ltd [b] [2]	Business Development, trading, import and export of machineries and investment holding	People's Republic of China	100	–	566	–
					3,014	2,061

5. Investments in subsidiaries (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %
Held through Thai Village Restaurant Pte. Ltd.				
The Noodle Expert Pte Ltd (1)#	Strike off during the period	Republic of Singapore	–	100
Held through Thai Village (China) Pte. Ltd.				
Shanghai Thai Village Restaurant Management Co., Ltd (2) ##	Operation and management of restaurants	People's Republic of China	93.75	93.75
Thai Village Restaurant (Shanghai) Co., Ltd (2)	Operation of restaurants	People's Republic of China	100	100

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

\# On 2 November 2011, the Company entered into a sale and purchase agreement to acquire all of the remaining shares in The Noodle Expert Pte Ltd ("TNE") for a cash consideration of $1. As a result, TNE become a wholly owned subsidiary of the Company. Subsequently, TNE had ceased its business operations and was striked off on 14 March 2014.

\## 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.

(a) On 15 April 2014, the Company has incorporated a wholly owned subsidary, Pavillon Business Development (Shanghai) Co., Ltd, with registered capital of USD 50,000,000. The subsidiary is domiciled in the People's Republic of China.

(b) On 6 August 2014, the Company has incorporated a wholly owned subsidiary, Pavillon Financial Leasing Co,. Ltd with registered capital of USD 50,000,000. The subsidiary is domiciled in the People's Republic of China.

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

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

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

6. Loan receivables

The loans are interest-bearing, unsecured and were fully settled in November 2014.

7. 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 guaranteed minimum return of $1,000,000 was received on 31 December 2013.

8. Stocks

	Group	
	2014	**2013**
	$'000	$'000
Consolidated balance sheet:		
Processed stocks	1,014	1,383
Raw and other materials	525	596
	1,539	1,979
Consolidated income statement:		
Stocks recognised as an expense in cost of sales	7,715	7,286

9. Trade debtors

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade and other debtors (current):				
Trade debtors	30	116	16	17
Other debtors (Note 10)	145	855	45	667
Deposits (Note 10)	51	300	–	–
Amounts due from subsidiaries (trade) (Note 11)	–	–	1,329	1,311
Amounts due from subsidiaries (non-trade) (Note 11)	–	–	1,171	2,470
	226	1,271	2,561	4,465
Other debtors (non-current):				
Deposits (Note 10)	528	552	–	–
Other debtors (Note 10)	62	80	62	80
	590	632	62	80
Total trade and other debtors (current and non-current)	816	1,903	2,623	4,545
Add: Cash and cash equivalents (Note 12)	41,383	10,303	37,474	4,859
Add: Loan receivables (Note 6)	–	5,856	–	5,856
Total loans and receivables	42,199	18,062	40,097	15,260

The Group's trade debtors are stated net of allowance for impairment loss of $Nil (2013: $112,000).

Included in trade debtors of the Group is an amount of $8,000 (2013: $79,000) denominated in Renminbi.

Trade debtors are non-interest bearing and are generally on 30 (2013: 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
For the financial period ended 31 December 2014

9. Trade debtors (cont'd)

Receivables that are past due but not impaired

The Group and the Company have trade debtors amounting to $11,000 (2013: $76,000) and $8,000 (2013: $9,000) 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	
	2014 $'000	**2013** $'000	**2014** $'000	**2013** $'000
Less than 30 days	5	25	5	6
30 to 60 days	6	17	3	3
More than 60 days	–	34	–	–
	11	76	8	9

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	
	2014 $'000	**2013** $'000	**2014** $'000	**2013** $'000
Trade debtors – nominal amounts	–	112	–	50
Impairment loss	–	(112)	–	(50)
	–	–	–	–
Movements in allowance account:				
At 1 October	–	12	–	–
Charge for the financial year	–	100	–	50
At 31 December/30 September	–	112	–	50

For the financial period ended 31 December 2014, allowances for impairment provided in prior year amounting to $112,000 and $50,000 has been fully written off by the Group and the Company respectively as the debts are assessed to be uncollectible.

There are no trade debtors that are individually and collectively determined to be impaired.

10. Other debtors and deposits

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Other debtors (Non-current)				
Advances to employees *	17	27	17	27
Interest receivable	45	53	45	53
	62	80	62	80
Other debtors (current)				
Advances to employees *	8	30	7	30
Interest receivable	6	11	6	11
Sundry debtors	131	814	32	626
	145	855	45	667
Deposits				
Deposits (current)	51	300	–	–
Deposits (non-current)	528	552	–	–
	579	852	–	–

* 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 $99,000 (2013: $185,000) 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 2014 $'000	Group Individually impaired 2013 $'000
Movements in allowance account:		
At 1 October	–	45
Charge for the financial period	–	27
Written off	–	(72)
At 31 December/30 September	–	–

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

10. Other debtors and deposits (cont'd)

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

For the financial period ended 31 December 2014, allowances for impairment provided in prior year has been fully written off by the Group and the Company respectively, as the debts are assessed to be collectible.

The Group and the Company do 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.

11. 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 $591,000 (2013: $342,000) denominated in Renminbi.

Amounts due from subsidiaries that are impaired

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 31 December 2014, non-trade amount of $8,000 (2013: $549,000) due from a subsidiary was written off. The subsidiary has been suffering significant financial losses and has remained dormant during the period.

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.

12. Cash and cash equivalents

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Fixed deposits	12,503	7,167	10,782	4,508
Cash at banks and on hand	28,880	3,136	26,692	351
Total cash and cash equivalents	41,383	10,303	37,474	4,859

12. Cash and cash equivalents (cont'd)

Cash at banks earn interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between 7 days to 6 months (2013: 1 to 11 months) depending on the immediate cash requirements of the Group, and earn interest ranging from 0.09% to 1.10% (2013: 0.27% to 3.50%) per annum.

Fixed deposits and cash at banks and on hand are denominated in the following foreign currencies as at 31 December:-

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Renminbi	2,800	3,606	–	–

13. Trade creditors

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Trade and other creditors (current):				
Trade creditors	634	948	–	–
Other creditors and accruals (Note 14)	1,563	1,585	521	521
Franchise deposits (Note 14)	30	50	30	50
	2,227	2,583	551	571
Other creditors (non-current):				
Franchise deposits (Note 14)	80	100	80	100
Total financial liabilities carried at amortised cost	2,307	2,683	631	671

Trade creditors

Included in the trade creditors of the Group is an amount of $130,000 (2013: $190,000) denominated in Renminbi.

Trade creditors are non-interest bearing and are normally settled on their normal trade terms of 30 (2013: 30) days.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Other creditors and accruals (current)				
Sundry creditors	243	243	48	28
Accrued personnel expenses	762	700	188	153
Amount due to directors	163	235	163	235
Other accrued operating expenses	312	313	122	105
Provision for withholding tax	83	94	–	–
	1,563	1,585	521	521
Franchise deposits				
Franchise deposits (current)	30	50	30	50
Franchise deposits (non-current)	80	100	80	100
	110	150	110	150
Deferred rental income				
Deferred rental income (current)	12	15	–	–
Deferred rental income (non-current)	16	33	–	–
	28	48	–	–
Deferred revenue (current) *	1,609	1,678	–	–

* 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 $311,000 (2013: $390,000) denominated in Renminbi.

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

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

Provisions for reinstatement costs:-

	Group	
	2014 $'000	**2013** $'000
Balance at 1 October	110	110
Provision during the financial period	220	–
Utilised	(50)	–
Balance at 31 December/30 September	280	110
Comprises:		
Current	–	110
Non-current	280	–
	280	110

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.

During the financial period, the lease at one of the outlets has expired and reinstatement costs have been incurred to reinstate the premise. As a result, the provision for reinstatement costs of $50,000 has been utilised.

15. Deferred tax liabilities

	Group	
	2014 $'000	**2013** $'000
Deferred tax liabilities :-		
Balance as at 1 October	110	125
Credit/(Charge) during the financial period	18	(15)
Balance as at 31 December/30 September	128	110

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

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

15. Deferred tax liabilities (cont'd)

Deferred tax assets not recognised as at 31 December relate to the following:-

	Group	
	2014	**2013**
	$'000	$'000
Unutilised tax losses	(200)	(113)

As at 31 December 2014, the Group has unutilised tax losses carried forward from certain subsidiaries of approximately $1,177,000 (2013: $666,000), 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.

16. Share capital

	Group and Company			
	2014		**2013**	
	No. of ordinary shares		**No. of ordinary shares**	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares :				
At 1 October	207,749	14,593	207,749	14,593
Shares issued	180,000	24,840	–	–
At 31 December/30 September	387,749	39,433	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.

During the financial period, the Company has issued 180,000,000 new shares for cash consideration of $24,840,000.

17. 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.

18. 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.

19. Revenue

	Group	
	1.10.2013 to 31.12.2014	1.10.2012 to 30.9.2013
	$'000	$'000
Restaurant operations	22,962	20,994
Franchise and royalty fee income	490	750
	23,452	21,744

20. Interest income

	Group	
	1.10.2013 to 31.12.2014	1.10.2012 to 30.9.2013
	$'000	$'000
Interest income from :-		
Fixed deposits	164	135
Bank balances	8	12
Loan receivables	1,107	1,080
	1,279	1,227

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

21. Other income

	Group	
	1.10.2013 to 31.12.2014	**1.10.2012 to 30.9.2013**
	$'000	$'000
Gain on disposal of property, plant and equipment	155	–
Gain in fair value of derivative asset	52	184
Others	147	132
	354	316

22. Employee benefits expenses

	Group	
	1.10.2013 to 31.12.2014	**1.10.2012 to 30.9.2013**
	$'000	$'000
Wages, salaries, bonuses and allowances*	8,784	6,672
Contributions to defined contribution plans	552	487
Other personnel costs	1,074	773
	10,410	7,932

* Includes directors' fees and remuneration as disclosed in Note 27 to the financial statements.

23. (Loss)/profit before taxation

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

	Group	
	1.10.2013 to 31.12.2014	**1.10.2012 to 30.9.2013**
	$'000	$'000
Audit fees paid to:		
– Auditors of the Company	137	114
Trade debtors written off	104	214
Impairment loss on trade debtors	–	100
Impairment loss on other debtors	–	27
Property, plant and equipment written off	147	4
Consumables expenses	149	133
Cleaning expenses	53	51
Travelling expenses	112	77
General repair and maintenance	181	87
Impairment loss on property, plant and equipment	82	–
Water and electricity expenses	913	723
Operating lease expenses	3,400	2,859
Write back of impairment loss on property, plant and equipment	–	(58)

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

24. Income tax expense

The major components of income tax expense for the financial periods ended 31 December 2014 and 30 September 2013 are:

	Group	
	1.10.2013 to 31.12.2014	**1.10.2012 to 30.9.2013**
	$'000	$'000
Consolidated income statement:		
Current income tax:		
– Current income taxation	214	504
– Over provision in respect of previous years	(28)	(135)
	186	369
Deferred income tax:		
– Origination and reversal of temporary differences	19	(15)
– Benefit from previously unrecognised tax losses	(1)	–
	18	(15)
Income tax expense recognised in profit or loss	204	354

24. Income tax expense (cont'd)

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rates for the financial periods ended 31 December and 30 September are as follows:

	Group	
	1.10.2013 to 31.12.2014	1.10.2012 to 30.9.2013
	$'000	$'000
(Loss)/profit before taxation	(911)	1,661
Tax at the statutory tax rate of 17% (2013: 17%)	(155)	282
Adjustments for :		
Non-deductible expenses	267	107
Non-taxable income	–	(1)
Differences in foreign tax rates	(79)	(39)
Withholding tax	103	122
Deferred tax assets not recognised	200	113
Tax relief	(56)	(60)
Over provision in respect of prior years	(28)	(135)
Tax exemption	(52)	(52)
Benefit from previously unrecognised tax losses	(1)	–
Others	5	17
Income tax expense recognised in profit or loss	204	354

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

25. (Loss)/earnings per share (basic and diluted)

Both basic and diluted earnings per share are calculated by dividing the Group's net loss attributable to owners of the Company of $1,115,000 (2013: $1,307,000) by the weighted average number of 321,184,149 (2013: 207,748,700) ordinary shares outstanding during the financial year.

The basic and diluted (loss)/earnings per share are the same as the Group did not have any dilutive potential ordinary shares outstanding as at 31 December 2014 and 30 September 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.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

26. Dividends

	Group and Company	
	2014	**2013**
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2014: Nil (2013: 0.8) cents per share	–	1,662

27. 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 periods:

Compensation of key management personnel

	Group	
	1.10.2013 to 31.12.2014	**1.10.2012 to 30.9.2013**
	$'000	$'000
Directors' remuneration:		
Directors' fees	492	320
Directors' remuneration	2,553	1,582
Contribution to defined contribution plans	40	32
	3,085	1,934
Key executive officers' remuneration:		
Executive officers' remuneration	742	568
Contributions to defined contribution plans	65	52
	807	620

27. Significant related party transactions (cont'd)

	Group	
	1.10.2013 to 31.12.2014	1.10.2012 to 30.9.2013
	$'000	$'000
Remuneration paid to employees related to directors or substantial shareholders:		
Employees' remuneration	100	129
Contributions to defined contribution plans	13	16
	113	145

28. Commitments

(a) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2014	2013
	$'000	$'000
Capital commitment in relation to investment in subsidiary	65,723	–

(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 (2013: 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.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2014, amounted to $3,400,000 (2013: $2,859,000). No contingent rents were paid during the financial periods ended 31 December 2014 and 30 September 2013.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

28. Commitments (cont'd)

(b) ***Operating lease commitments – as lessee*** *(cont'd)*

Future minimum rentals under non-cancellable operating leases as at 31 December and 30 September are as follows :

	Group	
	2014	**2013**
	$'000	$'000
Within 1 year	2,757	2,345
Within 2 to 5 years	3,181	3,939
More than 5 years	242	297
	6,180	6,581

(c) ***Financial support***

As at 31 December 2014 and 30 September 2013, the Company has provided financial support to a subsidiary to enable it to continue as a going concern. The net current deficit positions of this subsidiary as at 31 December 2014 amounted to $1,318,000 (2013: $1,162,000).

29. 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;
- Restaurant management services, which mainly relate to management fees from restaurants, franchise fees and royalties from franchisees; and
- Property leasing

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.

29. Segment information (cont'd)

	Restaurant operations		Restaurant management services		Properties leasing	Adjustments and eliminations		Notes	Per consolidated financial statements	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2014 $'000	2013 $'000		2014 $'000	2013 $'000
Revenue:										
External sales	22,962	20,994	490	750	–	–	–		23,452	21,744
Inter-segment sales	–	–	2,830	2,558	–	(2,830)	(2,558)	A	–	–
	22,962	20,994	3,320	3,308	–	(2,830)	(2,558)		23,452	21,744
Results:										
Interest income	85	104	1,194	1,123	–	–	–		1,279	1,227
Gain on disposal of property, plant and equipment	155	–	–	–	–	–	–		155	–
Gain on disposal of subsidiary company	–	–	–	2	–	–	–		–	2
Fair value gain on investment loan	–	–	–	184	–	–	–		–	184
Property, plant and equipment written off	(147)	(4)	–	–	–	–	–		(147)	(4)
Depreciation of property, plant and equipment	(1,080)	(907)	(11)	–	(26)	–	–		(1,117)	(907)
Bad debts recovered	–	–	–	–	–	–	–		–	–
Trade debtors written off	–	–	–	(214)	–	–	–		–	(214)
Impairment loss on trade debtors	(104)	–	–	(100)	–	–	–		(104)	(100)
Impairment loss on other debtors	–	(27)	–	–	–	–	–		–	(27)
Impairment loss on property, plant and equipment	(82)	–	–	–	–	–	–		(82)	–
Write back of impairment loss on non-financial assets	–	58	–	–	–	–	–		–	58
Segment (loss)/ profit	(781)	324	(35)	3,264	(247)	152	(1,927)	B	(911)	1,661
Assets:										
Additions to non-current assets	1,384	274	13	–	447		–	C	1,844	274
Segment assets	8,982	10,877	32,589	14,156	374	5,077	(1,519)	D	47,022	23,514
Segment liabilities	4,863	6,409	641	713	48	(875)	(2,143)	E	4,677	4,979

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

29. 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:

	2014 $'000	**2013** $'000
Profit from inter-segment sales	–	(1,885)
Elimination of impairment of investment in subsidiaries	152	–
Unallocated corporate expense, net	–	(42)
	152	(1,927)

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:

	2014	2013
Unallocated corporate assets	10,782	4,508
Inter-segment assets	(5,705)	(6,027)
	5,077	(1,519)

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

	2014	2013
Income tax payables	325	350
Deferred tax liabilities	128	110
Inter-segment liabilities	(1,328)	(2,603)
	(875)	(2,143)

29. 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	
	1.10.2013 to 31.12.2014	**1.10.2012 to 30.9.2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Singapore	16,725	15,222	2,647	1,979
People's Republic of China	6,322	6,185	527	472
Others	405	337	–	–
	23,452	21,744	3,174	2,451

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

30. 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 period, 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.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

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.

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 31 December 2014, approximately 71% (2013: 60%) of trade debtor relates to 3 (2013: 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			
	1.10.2013 to 31.12.2014		1.10.2012 to 30.9.2013	
	$'000	% of total	$'000	% of total
By country :				
Indonesia	10	33	10	8
Singapore	6	20	14	12
People's Republic of China	8	27	79	68
Others	6	20	13	12
	30	100	116	100
By business sectors :				
Restaurant operations	14	47	14	12
Restaurant management services	16	53	102	88
	30	100	116	100

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

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 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 9, 10 and 11 to the financial statements.

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.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

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 (loss)/profit before taxation:

	Group	
	Increase/ (decrease) in basis points	Effect on (loss)/profit before taxation
		$'000
2014		
Singapore dollars	50	54
Renminbi	50	14
Singapore dollars	(50)	(54)
Renminbi	(50)	(14)
2013		
Singapore dollars	50	23
Renminbi	50	18
Singapore dollars	(50)	(23)
Renminbi	(50)	(18)

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.

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

Liquidity risk **(cont'd)**

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:

	2014			2013		
	Within 1 year	More than 1 year	Total	Within 1 year	More than 1 year	Total
	$'000	$'000	$'000	$'000	$'000	$'000
<u>**Group**</u>						
Financial assets:						
Trade debtors	30	–	30	116	–	116
Other debtors	145	62	207	855	80	935
Deposits	51	528	579	300	552	852
Cash and cash equivalents	41,383	–	41,383	10,303	–	10,303
Derivative asset	–	–	–	948	–	948
Loan receivables	–	–	–	5,856	–	5,856
Total undiscounted financial assets	41,609	590	42,199	18,378	632	19,010
Financial liabilities:						
Trade creditors	634	–	634	948	–	948
Other creditors and accruals	1,563	–	1,563	1,585	–	1,585
Franchise deposits	30	80	110	50	100	150
Total undiscounted financial liabilities	2,227	80	2,307	2,583	100	2,683
Total net undiscounted financial assets	39,382	510	39,892	15,795	532	16,327

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

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

Liquidity risk (cont'd)

	2014			2013		
	Within 1 year	More than 1 year	Total	Within 1 year	More than 1 year	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Financial assets:						
Trade debtors	16	–	16	17	–	17
Other debtors	45	62	107	667	80	747
Amounts due from subsidiaries (trade)	1,329	–	1,329	1,311	–	1,311
Amounts due from subsidiaries (non-trade)	1,171	–	1,171	2,470	–	2,470
Cash and cash equivalents	37,474	–	37,474	4,859	–	4,859
Derivative asset	–	–	–	948	–	948
Loan receivable	–	–	–	5,856	–	5,856
Total undiscounted financial assets	40,035	62	40,097	16,128	80	16,208
Financial liabilities:						
Other creditors and accruals	521	–	521	521	–	521
Franchise deposits	30	80	110	50	100	150
Total undiscounted financial liabilities	551	80	631	571	100	671
Total net undiscounted financial assets/ (liabilities)	39,484	(18)	39,466	15,557	(20)	15,537

31. 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 :

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 2014 $'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**
Financial asset:				
Derivative asset (Note 7)	–	–	–	–
At 31 December 2014	–	–	–	–

	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**
Financial asset:				
Derivative asset (Note 7)	–	948	–	948
At 30 September 2013	–	948	–	948

NOTES
TO THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2014

31. Fair value of financial instruments (cont'd)

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

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 market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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 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).

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

Deposits (non-current)

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 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.

32. 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 periods ended 31 December 2014 and 30 September 2013.

As disclosed in Note 17, 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 periods ended 31 December 2014 and 30 September 2013.

33. Authorisation of financial statements for issue

The financial statements for the financial period ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 23 March 2015.

CORPORATE GOVERNANCE REPORT

The Board of Directors of Pavillon Holdings Ltd. (formerly known as "Thai Village Holdings Ltd") (the "**Company**") recognises the importance of and is committed to maintaining high standards of corporate governance within the Company and its subsidiaries (the "**Group**") so as to 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 framework and practices that the Company had adopted, with specific reference made to the principles and guidelines as set out in the Code of Corporate Governance 2012 (the "**Code**") issued by the Corporate Governance Council and adopted by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

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 long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board of Directors (the "**Board**") comprises the following members:-

Dr. John Chen Seow Phun	Executive Chairman
Zheng Fengwen	Executive Director and Chief Executive Officer
Lee Tong Soon	Managing Director
Kok Nyong Patt	Executive Director
Chen Liping	Executive Director
Hoon Tai Meng	Independent Director
Julia Kwok Yung Chu	Independent Director
Foo Der Rong	Independent Director
Jo-Anne Chang	Non-Executive and Non-Independent Director

A brief profile of each Director is set out on pages 6, 7 and 8 of this Annual Report ("**AR**"). Apart from its statutory duties and responsibilities, the Board oversees management of the Company (the "**Management**") and affairs of the Group and approves the Group's corporate and strategic policies and direction. The Board considers the sustainability issues including environmental and social factors in the formulation of the Group's strategies. The Board is also responsible for implementing policies in relation to financial matters, which include compliance, risk management, and internal controls to safeguard the shareholders' interest and the Company's assets.

In addition, the Board identify its key stakeholder groups and determine the Group's values and standards including ethical standards to ensure that obligations to its stakeholders are understood and met. The Board also reviews the financial performance of the Group, approves investment proposals, and approves the nomination of Directors to the Board, as well as the appointment of key management personnel.

Matters which are specifically reserved to the Board for decision and approval include, amongst others, any material acquisitions and disposals of assets, corporate or financial restructuring, share issuance and dividends, financial results, corporate strategies and major undertakings (other than in the ordinary course of business).

Certain functions have been delegated to various board committees, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"), which would make recommendations to the Board. Each Board Committees is governed by terms of reference which have been approved by the Board and play an important role in ensuring good corporate governance in the Company and within the Group.

The Board meets at least once every half-year to discuss and review the strategic policies of the Group, significant business transactions, performances of the business and approve the release of the half yearly and full year results. Ad-hoc meetings are convened as and when warranted by particular circumstances. In addition to physical meetings, the Company's Articles of Association (the "**Articles**") allow a Board meetings to be conducted by way of tele-conference, provided that the requisite quorum of at least two (2) directors is present.

During the financial period from 1 October 2013 to 31 December 2014 ("**FY2014**")[1], the Board held various meetings and the attendance of each Director at every Board and Board Committee meeting is summarised as follows:-

	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	3	3	3	3[2]	1	1[2]	1	1[2]
Zheng Fengwen[3]	3	2	3	1[2]	1	N/A	1	N/A
Lee Tong Soon	3	3	3	3[2]	1	1[2]	1	1[2]
Kok Nyong Patt	3	2	3	2[2]	1	N/A	1	N/A
Chen Liping[4]	3	2	3	2[2]	1	N/A	1	N/A
Hoon Tai Meng	3	3	3	3	1	1	1	1
Julia Kwok Yung Chu	3	3	3	3	1	1	1	1
Foo Der Rong	3	3	3	3	1	1	1	1
Jo-Anne Chang[5]	3	1	3	1[2]	1	N/A	1	N/A

(1) The Company changed its financial year end to 31 December 2014. The financial period under review shall be from 1 October 2013 to 31 December 2014.

(2) Attended the meeting as an invitee.

(3) Mr Zheng Fengwen was appointed as Executive Director and Chief Executive Officer on 27 March 2014.

(4) Ms Chen Liping was appointed as Executive Director on 27 March 2014.

(5) Ms Jo-Anne Chang was appointed as Non-Executive and Non-Independent Director on 1 September 2014.

The Board also communicates frequently through informal meetings and phone call to discuss the Group's strategies and businesses. All the Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times the interest of the Company.

CORPORATE GOVERNANCE REPORT

Newly appointed Director will undergo an orientation briefing to be familiar with the Group's business strategies, organisational structure and operations. From time to time, the Directors also receive further relevant information via email, particularly on applicable new laws, regulations and changing commercial risks which are relevant to the business and operations of the Group. The Directors are also updated on the business of the Group through meetings. The costs of arranging and funding the training of the Directors will be borne by the Company.

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 particulars, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently, the Board comprises five (5) Executive Directors, three (3) Independent Directors and one (1) Non-Executive and Non-Independent Director. There is a strong and independent element on the Board, with Independent Directors making up of one-third (1/3) of the Board.

The Board exercises objective and independent judgement on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making. In addition, the roles of Chairman, Chief Executive Officer and Managing Director are assumed by different person.

The independence of each Director is reviewed annually by the NC. In its deliberation as to be independence of a Director, the NC adopts the Code's definition of what constitutes an Independent Director in its review and considered whether a Director had business relationship with the Group, its related corporations, its 10% shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgement with a view to the best interest of the Group.

The Independent Directors have confirmed that they do not have any relationship with the Group, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Group. In addition, there was no Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment. The Board is of the view that there is a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board.

The Board regularly examines its size, with a view to determining the impact of the number on effective decision making. The composition of the Board and Board Committees are reviewed on an annual basis by the NC to ensure that the Board and Board Committees have the appropriate mix of expertise and experience and collectively possess the necessary core competence in business, investment, audit, accounting and tax matters for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board and Board Committees would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position.

Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined and take account of the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

The Board, taking into account the nature of operations of the Company and the recommendation of the NC, considers its Independent Directors to be independent in character and judgement and of sufficient caliber and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Independent Directors have no financial or contractual interests in the Group other than by way of their fees as set out in the financial statements. The NC and the Board is of the view that its current size exceeds the needs for quick and effective decision making. However, their combined diversity and wealth of experience enable them to contribute positively to the strategic growth and governance of the Group. Key information regarding the Directors' academic and professional qualifications and other appointments is set out on pages 6, 7 to 8 of this AR.

1.3 *Chairman and Chief Executive Officer ("CEO")*

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

There is a clear separation of the roles and responsibilities of the Executive Chairman, CEO and Managing Director of the Group. The Executive Chairman, Dr. John Chen Seow Phun ("**Dr. Chen**"), the CEO, Mr Zheng Fengwen ("**Mr Zheng**") and the Managing Director, Mr. Lee Tong Soon ("**Mr Lee**"), are not related to each other, nor is there any business relationship between them.

Dr. Chen and Mr Zheng oversees the business direction, long term strategic planning and the overall management and operation of the Group. Mr Zheng is also responsible for the Group's new property business. Mr Lee is responsible for the Group's F&B business, and together with Dr. Chen, exercising control over quality, quantity and timeliness of the flow of information between the Management and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance, among others.

The distinct separation of responsibilities between the Executive Chairman, CEO and the Managing Director 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.

The Executive 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 and CEO) and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- ensuring that Board meetings are held when necessary;

CORPORATE GOVERNANCE REPORT

- promoting a culture of openness and debate at the Board;
- facilitating contributions from the Non-Executive Directors and encouraging constructive relationships within the Board and Management;
- 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;
- facilitating the effective contribution of Non-Executive Directors in particulars and
- encouraging high standards of corporate governance.

As all major decisions made by the Executive Chairman, CEO and Managing Director are reviewed by the respective Board Committees, the Board is of the view that this arrangement does not undermine the accountability and capacity of the Board for independent decision making.

As the Board has demonstrated that if is able to exercise independent decision making, the Board feels that a lead independent director is not required.

2. Nominating Committee ("NC")

2.1 *Board Membership*

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

The NC was set up on 30 September 2002 and comprises three (3) members, all are Independent and Non-Executive Directors, namely Ms Julia Kwok Yung Chu ("**Ms Kwok**"), Mr Hoon Tai Meng and Mr Foo Der Rong and is chaired by Ms Kwok. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

The NC is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities. According to the terms of reference of the NC, the members of the NC perform the following functions:-

(a) reviewing and making recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;

(b) reviewing the Board structure, size and composition having regards to the scope and nature of the operations and the core competencies of the Directors as a group and making recommendations to the Board with regards to any adjustments that are deemed necessary;

(c) reviewing, assessing and recommending nominee(s) or candidate(s) for appointment or election to the Board, having regards to his/her qualifications, competency, other principle commitments and whether or not he/she is independent and in the case of a re-nomination, to his/her performance and contribution;

(d) reviewing Board succession plans for Directors, in particular for the Executive Chairman and CEO and the progressive renewal of the Board;

(e) annually, determining whether or not a Director is independent (taking into account the circumstances set out in the Code and other salient factors);

(f) making recommendations on the re-appointment to the Board on the continuation in service of any Director who has reached the age of seventy (70) years;

(g) identifying and recommending the Directors who are retiring by rotation and to be put forward for re-election at each annual general meeting ("**AGM**");

(h) conducting rigorous review and determining whether an Independent Director who has served the Board for a period of nine (9) years since his/her date of appointment, can still remain independent;

(i) developing a process for evaluation of the performance of the Board, its Board Committees and proposing objective performance criteria to enhance long-term shareholder value; and

(j) reviewing training and professional development programs for the Board.

The Board and the NC does not encourage the appointment of Alternate Directors. No Alternate Director is currently being appointed to the Board.

The NC reviews and makes recommendations to the Board on all nominations for appointments and re-appointments of Directors and Board Committees 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. The potential candidate will go through a shortlisting process and thereafter, set up the interviews with the shortlisted candidates. A new Director can be appointed by way of a Board resolution, after the recommendation by the NC. Newly appointed Directors must put themselves for re-elections at the next AGM of the Company. In view of the foregoing, the Board is of the view that there are adequate processes for the appointment and re-appointment of Directors.

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 AGM of the Company, and shall be eligible for re-election.

CORPORATE GOVERNANCE REPORT

The Directors retiring by rotation pursuant to Articles 107 and 117 of the Company's Articles at the forthcoming AGM are Mr Kok Nyong Patt, Mr Foo Der Rong, Mr Zheng Fengwen, Ms Chen Liping and Ms Jo-Anne Chang. The NC has reviewed the performance and level of contribution of each retiring Directors and the NC recommended the re-election of all five (5) of them at the forthcoming AGM to be held on 22 April 2015. The Board concurred with the NC and accepted the recommendation of the re-election of the five (5) retiring Directors and the retiring Directors will be offering themselves for re-election.

In making the recommendation, the NC had considered the Directors' overall contribution and performance.

The NC had reviewed the multiple board representations held presently by the Directors and is of the opinion that they do not impede the Directors' performance in carrying out their duties to the Company. Although some of the Board members have multiple board representations, the NC had ascertained that for the period under review, the Directors had devoted sufficient time and attention to the Group's affairs. Further, the Board is also of the view that such multiple board representations of the Independent 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. Accordingly, it is not necessary at this stage to set a maximum limit on the number of listed board representations and other principal commitments but would assess each Director on a case by case basis.

Key information regarding the Directors is provided on page 83 of the AR.

2.2 *Board Performance*

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

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.

For the financial period under review, the NC evaluated the Board's and Board Committees' performance as a whole. The assessment process adopted both quantitative and qualitative criteria, such as the success of the strategic and long-term objectives set by the Board and the effectiveness of the Board and Board Committees' in monitoring Management's performance against the goals that had been set by the Board.

The Board and Board Committees performance evaluation, led by the NC, is conducted by means of a confidential questionnaire designed to assess the state of affairs of corporate governance matters in the Company. The assessment is separately completed by each Director to elicit his individual input. In assessing, the Directors' input are collated and reviewed by the NC. Areas where the Board's and Board Committees' performance and effectiveness could be enhanced and recommendations for improvement are then submitted to the Board for discussion and for implementation.

The NC had ascertained that the Board and Board Committee had contributed effectively and had demonstrated full commitment to their role. No external facilitator had been engaged by the Board for this purpose.

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

Name of Director	John Chen Seow Phun
Shareholding in the Company (as at 17 March 2015)	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 14 of the AR)
Board Committees Served	None
Date of first appointment as director	13 December 2001
Date of re-designated as Executive Chairman	1 May 2012
Date of last re-election as director	22 January 2013
Present Directorships in other listed companies and other principal commitments	JCL Business Development Pte Ltd OKP Holdings Limited Hiap Seng Engineering Ltd Hanwell Holdings Ltd Matex International Limited SAC Capital Private Limited Tat Seng Packaging Group Ltd HLH Group Limited Fu Yu Corporation Limited
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	Hongguo International Holdings Limited

Name of Director	Zheng Fengwen
Shareholding in the Company (as at 17 March 2015)	100,000,000 Shares (as set out in page 14 of the AR)
Board Committees Served	None
Date of first appointment as director	27 March 2014
Date of last re-election as director	Nil Up for re-election at the AGM to be held on 22 April 2015.
Present Directorships in other listed companies and other principal commitments	Lanting Business Development (Shanghai) Co., Ltd Pavillon Financial Leasing Co., Ltd Huibang Investment Co., Ltd Sunlead Evergrowing Capital Co. Limited
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	Zhongrun Resources Investment Co., Ltd. Shandong Zhongrun Properties Co. Ltd. Shandong Zhongrun Group Zibo Properties Co., Ltd. Shandong Shengji Investment Co., Ltd. Vatukoula Gold Mines PLC

CORPORATE GOVERNANCE REPORT

Name of Director	Lee Tong Soon
Shareholding in the Company (as at 17 March 2015)	23,528,226 Shares (as set out on page 14 of the AR) Mr Lee is also deemed interested in 12,500 Shares held by his spouse.
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re-election as director	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.
Present Directorships in other listed companies and other principal commitments	Thai Village Restaurant Pte Ltd Thai Village Overseas Pte Ltd Thai Village China Pte Ltd Shanghai Thai Village Restaurant Management Co., Ltd Thai Village Restaurant (Shanghai) Co., Ltd Lanting Business Development (Shanghai) Co., Ltd Pavillon Financial Leasing Co., Ltd
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	The Noodle Expert Pte. Ltd.

Name of Director	Kok Nyong Pat
Shareholding in the Company (as at 17 March 2015)	25,015,225 Shares (as set out on page 14 of the AR) Mr Kok Nyong Patt is also deemed interested in 12,500 Shares held by his late spouse.
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re-election as director	22 January 2013 Up for re-election at the AGM to be held on 22 April 2015.
Present Directorships in other listed companies and other principal commitments	Thai Village Restaurant Pte Ltd Thai Village Overseas Ventures Pte Ltd Thai Village China Pte Ltd Shanghai Thai Village Restaurant Management Co., Ltd Thai Village Restaurant (Shanghai) Co., Ltd Renoz Associates Pte. Ltd.
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	The Noodle Expert Pte. Ltd.

Name of Director	Chen Liping
Shareholding in the Company (as at 17 March 2015)	1,300,000 Shares (as set out in page 14 of the AR)
Board Committees Served	None
Date of first appointment as director	27 March 2014
Date of last re-election as director	Nil Up for re-election at the AGM to be held on 22 April 2015.
Present Directorships in other listed companies and other principal commitments	Lanting Business Development (Shanghai) Co., Ltd Pavillon Financial Leasing Co., Ltd LPY Holdings Pte Ltd Innovative Corporation Pte Ltd Environ Lab & Tech (Asia) Pte Ltd Treasureway Foundation Pte Ltd Jetta Investment Holdings Pte Ltd Jetta Holdings Pte Ltd
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	Greenhouse (Zhoukou) Co., Limited Tianjin Innovative Investment Co., Ltd.

Name of Director	Hoon Tai Meng
Shareholding in the Company (as at 17 March 2015)	Nil
Board Committees Served	Audit Committee (Chairman) Remuneration Committee (Member) Nominating Committee (Member)
Date of first appointment as director	1 February 2011
Date of last re-election as director	24 January 2014

CORPORATE GOVERNANCE REPORT

Present Directorships in other listed companies and other principal commitments	Chip Eng Seng Corporation Ltd Ardille Pte. Ltd. ACP Metal Finishing Pte. Ltd. CES Building & Construction Pte. Ltd. CES-China Holding Pte. Ltd. CES-Fort Pte. Ltd. CES-West Coast Pte Ltd CES-Land Pte Ltd CES-Vietnam Holdings Pte Ltd CES-VH Holdings Pte Ltd CES-NB Pte Ltd CEL-Alexandra Pte. Ltd. CEL Property Pte. Ltd. CEL-Yishun (Residential) Pte. Ltd. CEL-Yishun (Commercial) Pte. Ltd. CEL Property Investment (Australia) Pte. Ltd. CEL Residential Development Pte. Ltd. CEL Property (M) Pte. Ltd. Grange Properties Pte. Ltd. PH Properties Pte Ltd Fernvale Development Pte. Ltd. Sin Ghee Huat Corporation Ltd. Cocoaorient Pte Ltd Ee Hoe Hean Club
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	INTRACO Limited China Global Investors Group Ltd Dynamic Colour Limited China Video Surveillance Ltd Yangtze China Investment Ltd

Name of Director	Julia Kwok Yung Chu
Shareholding in the Company (as at 17 March 2015)	55,000 Shares (as set out in page 14 of the AR)
Board Committees Served	Nominating Committee (Chairman) Remuneration Committee (Member) Audit Committee (Member)
Date of first appointment as director	1 December 2007
Date of last re-election as director	24 January 2014
Present Directorships in other listed companies and other principal commitments	Olea Private Limited Guvera Singapore Pte Ltd Fast Value Global Pte Ltd Avenue Jofrre (Sentosa) PL Asia Pacific Digital Services Philippines PL
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	Nil

Name of Director	Foo Der Rong
Shareholding in the Company (as at 17 March 2015)	Nil
Board Committees Served	Remuneration Committee (Chairman) Audit Committee (Member) Nominating Committee (Member)
Date of first appointment as director	1 May 2012
Date of last re-election as director	22 January 2013 Up for re-election at the AGM to be held on 22 April 2015.
Present Directorships in other listed companies and other principal commitments	INTRACO Limited Southern Lion Sdn Bhd Tat Hong Intraco Pte. Ltd. Tat Hong Intraco Heavy Equipment Co., Ltd K.A. Building Construction Pte Ltd K.A. Fabric Shutters Pte. Ltd. K.A. FireLite Pte. Ltd. K.A. Fireproofing Pte. Ltd. K.A. Firespray Sdn. Bhd. K.A. Group Holdings Pte. Ltd.
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	Hanwell Holdings Ltd Tat Seng Packaging Group Ltd

Name of Director	Jo-Anne Chang
Shareholding in the Company (as at 17 March 2015)	Ms Jo-Anne Chang is deemed to be interested in 40,000,000 shares held by Rossbay Private Limited. (as set out in page 14 of the AR)
Board Committees Served	None
Date of first appointment as director	1 September 2014
Date of last re-election as director	Nil Up for re-election at the AGM to be held on 22 April 2015.

CORPORATE GOVERNANCE REPORT

Present Directorships in other listed companies and other principal commitments	Rossbay Private Limited Pure Accord Sdn. Bhd. Pure Oasis Sdn. Bhd. Attractive Heritage Sdn. Bhd. Gingerflower Boutique Hotel Sdn. Bhd. Heeren Palm Suites Sdn. Bhd. Urban Townhouse Sdn. Bhd. Thrive Charm Sdn. Bhd.
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	Nil

2.3 *Access to information*

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive a regular flow of information from Management about the Group and board papers so that they are equipped to play as full a part as possible in Board meetings. Management provided 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.

All Directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from Management during the financial period to enable them to carry out their duties. Directors also liaise with Management as required, and may consult with other employees and seek additional information on request. If the Board (whether individually and as a group) require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

The Board has separate and independent access to the company secretaries, who provides the Board with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. At least one of the company secretaries or their representative(s) attended all Board and Board Committees meetings and prepared minutes of Board and Board Committees. The company secretaries assist the Chairman to ensure that the Board procedures are followed and reviewed so that the Board functions effectively, and all rules and regulations applicable to the Company, including requirement of the relevant Articles and the Rule of the SGX-ST, are complied with. The appointment and removal of the company secretaries is subject to the approval of the Board.

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, and is chaired by Mr Foo. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

The RC is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities. According to the terms of reference of the RC, the members of the RC perform the following functions:-

(a) reviewing and recommending to the Board, a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director and key management personnel;

(b) reviewing and recommending to the Board, share option scheme, share award plans or any long term incentive schemes which may be set up from time to time, reviewing whether Directors or key management personnel should be eligible for such schemes and evaluating the costs and benefits of such scheme;

(c) ensuring all aspects if remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits in kind are covered;

(d) determining the specific remuneration package and service contracts/terms of employment for each Director and key management personnel;

(e) considering the eligibility of Directors for benefits under long-term incentive schemes;

(f) considering and making recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and details of the specific remuneration packages of the Directors and executives of the Company to those required by law or by the Code; and

(g) considering the obligations arising in the event of termination of the Executive Directors and key management personnel's contacts of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice shall be borne by the Company.

CORPORATE GOVERNANCE REPORT

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. No Director will be involved in determining his own remuneration.

3.2 Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Executive Chairman, Dr. Chen has renewed his service agreement with the Company in March 2015. The service agreement covers a period of three (3) years and has been reviewed by the RC. The Board concurred with the RC and approved the renewal of service agreement at the Board meeting held on 25 February 2015.

According to the respective service agreements of the Executive Directors (except for the Executive Chairman):-

(a) the term of service has been renewed for a further period of three (3) years, except for the Executive Directors appointed during the financial year, 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.

The Independent and Non-Executive Directors do not have any service agreements with the Company and they receive Directors' fees, in accordance with their level of contributions, taking into account factors such as effort and time spent, and responsibilities of the Directors. The Company recognizes the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised. 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 does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

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

3.3 *Disclosure on Remuneration*

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Company sets remuneration packages, which are competitive and sufficient to attract, retain and motivate Directors and key management personnel with adequate experience and expertise to manage the business and operations of the Group.

The remuneration paid to the Directors and key management personnel for services rendered for FY2014 are as follows:-

Directors

Name	Below S$250,000		Between S$250,000 and S$499,999		Between S$500,000 and S$749,999		Between S$749,99 and S$1,000,000	
		%		%		%		%
Chen Seow Phun, John	Salary	–	Salary	–	Salary	–	Salary	50
	Fees	–	Fees	–	Fees	–	Fee	7
	Bonus	–	Bonus	–	Bonus	–	Bonus	3
	Other benefits	–	Other benefits	–	Other benefits	–	Other benefits	40
Zheng Fengwen	Salary	–	Salary	78	Salary	–	Salary	–
	Fees	–	Fees	11	Fees	–	Fee	–
	Bonus	–	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	11	Other benefits	–	Other benefits	–
Lee Tong Soon	Salary	–	Salary	–	Salary	68	Salary	–
	Fees	–	Fees	–	Fees	9	Fee	–
	Bonus	–	Bonus	–	Bonus	4	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	19		–
Kok Nyong Patt	Salary	–	Salary	–	Salary	65	Salary	–
	Fees	–	Fees	–	Fees	10	Fee	–
	Bonus	–	Bonus	–	Bonus	4	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	21	Other benefits	–

CORPORATE GOVERNANCE REPORT

Name	Below S$250,000	%	Between S$250,000 and S$499,999	%	Between S$500,000 and S$749,999	%	Between S$749,99 and S$1,000,000	%
Chen Liping	Salary	–	Salary	81	Salary	–	Salary	–
	Fees	–	Fees	12	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	7	Other benefits	–	Other benefits	–
Hoon Tai Meng	Salary	–	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–	Other benefits	–
Julia Kwok Yung Chu	Salary	–	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–	Other benefits	–
Foo Der Rong	Salary	–	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–	Other benefits	–
Jo-Anne Chang	Salary	–	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–	Other benefits	–

Key management personnel

Name	Below S$250,000	%
Oh Kok Thai	Salary	81
	Bonus	5
	Other benefits	14
Hau Ee Boon	Salary	82
	Bonus	5
	Other benefits	13

Name		Below S$250,000
		%
Venetia Yong Chin Ching	Salary	79
	Bonus	5
	Other benefits	16
Chiang Kian Ngee	Salary	81
	Bonus	3
	Other benefits	16
Zhang Peng	Salary	96
	Bonus	–
	Other benefits	4

The Board believes that it is in the best interest of the Company and the Group to disclose the Directors' remuneration in bands of S$250,000 rather in full, due to its confidentiality and sensitivity of remuneration packages. The Company also decided not to disclose information on the remuneration of the top five (5) key management personnel in dollars terms because of its confidentiality and the Company's concern over poaching of these key management personnel by competitors.

As at 31 December 2014, there are two (2) employees who are the immediate family member of the Director of the Company and whose remuneration exceeded S$50,000. The remuneration paid to the employees who are related to the Directors for FY2014 are as follow:–

Name		Between S$50,000 and S$100,000
		%
Ho Choy Peng (Late spouse of Mr Kok Nyong Patt, the Executive Director of the Company)	Salary	80
	Fees	–
	Bonus	5
	Other benefits	15
Lim Teck Eng (Spouse of Mr Lee Tong Soon, the Managing Director of the Company)	Salary	84
	Fees	–
	Bonus	5
	Other benefits	11

Save as disclosed, there is no employee of the Group who is immediate family members of any Director or the CEO and whose remuneration exceeded S$50,000 during the financial period ended 31 December 2014.

CORPORATE GOVERNANCE REPORT

The RC had recommended Directors' fees of S$587,500 for FY2014 (15-month) for the Directors, which will be tabled by the Board at the forthcoming AGM for the shareholders' approval.

The Board has not included a separate annual remuneration report in its AR for FY2014 (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 Company provides information pertaining to the operations, performance and financial position of the Group to all shareholders through SGXNET and the Company's Annual Report. The Board reviews and approves the results as well as any announcements before its release.

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. In presenting the annual financial statements and half yearly results announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. Management currently provides the Board with management accounts of the Group's performance, position and prospects on a half yearly basis and as the Board may require from time to time.

The Board reviews report from Management to ensure compliance with all the Group's policies, operational practices and procedures and relevant legislative and regulatory requirements. The Directors may seek independent professional advice and receive relevant training wherever applicable so as to maintain continuing standards and vigilance.

4.2 *Risk Management and Internal Controls*

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives

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:

- 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, operational, compliance and information technology 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 and risk management systems 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 and risk management 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 and risk management 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 Board has received assurance from the Executive Chairman, CEO, Managing Director and Financial Controller:-

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) regarding the effectiveness of the Company's risk Management and internal control systems.

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.

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, compliance risk, information technology, and risk management 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.

4.3 *Audit Committee ("AC")*

Principle 12: The Board should establish an AC 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 and is chaired by Mr Hoon. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he/she is interested.

The Board is of the view that the members of the AC including the AC Chairman are appropriately qualified in that they have recent and relevant 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.

CORPORATE GOVERNANCE REPORT

The AC assists the Board in discharging their responsibility to safeguard the Group's assets, maintain adequate accounting records, and in developing and maintaining effective systems of risk management and internal control. In addition, the AC reviews and reports to the Board at least annually the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls.

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 FY2014, the AC met at least twice a year and also hold informal meetings and discussion with Management from time to time. Details of the members' attendance at AC meetings in FY2014 are provided in Section 1.1 of the AR.

The AC has explicit authority to investigate any matters within its terms of reference, been given full access to and is provided with the co-operation by the Company's Management and full discretion to invite any director or executive director to attend its meetings, and reasonable resources to enable it to discharge its function. In addition, the AC has independent access to both internal and external auditors. The AC has reasonable resources to enable it to discharge its functions properly. The internal and external auditors have direct and unrestricted access to the Chairman of the AC and the Chairman of the Board.

The AC performed the following functions in FY2014:-

(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 FY2014, 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 render any non-audit services to the Group in FY2014, 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 aggregate audit fees paid and payable to the external auditors, Messrs Ernst & Young LLP in FY2014 are set out on page 59 of this AR.

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 Group has appointed different auditors for its significant associated companies. 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 confirmed that Rule 712, Rule 715 and Rule 716 of the Listing Manual have been complied with.

The AC has met up with the external auditors together with the internal auditors without the presence of Management in FY2014.

(b) Review of financial statements

For FY2014, 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 interested party transactions

The AC has reviewed interested party transactions of the Group for FY2014 and reported its findings to the Board, if any. Please refer to pages 62 to 63 of the AR for further details on the interested party transactions of the Group for FY2014.

The AC has put in place a whistle-blowing policy and procedures to provide employees with well-defined and accessible channels within the Group for reporting suspected fraud, corruption, dishonest practices, or similar matters or raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.

The aim of the policy is to encourage the reporting of such matters in good faith with confidence that employees making such reports will be treated fairly and to the extent possible, be protected from repulse. Where appropriate, an independent third party may be appointed to assist in the investigation.

The AC has not received any complaints as at the date of the AR.

In addition to the activities undertaken to fulfill its responsibilities, the AC is kept abreast by the Management, external and internal auditors on changes of accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

CORPORATE GOVERNANCE REPORT

4.4 *Internal Audit*

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

In FY2014, 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. Shareholder Rights and Responsibilities

5.1 *Shareholder Rights*

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' right, and continually review and update such governance arrangements.

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. Furthermore, the Company continually reviews and updates such governance arrangement. Shareholders are informed of changes in the Company's businesses that are likely to materially affect the value of the Company's shares.

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.

All shareholders of the Company will receive the AR and/or circular and the notice of the AGM and/or extraordinary general meeting within the time notice period prescribed by the regulations. The notice is also advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation effectively in and vote at general meetings and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairman of each of the Board Committees.

The Company's Articles allow corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. Central Provident Fund investors of the Company's securities may attend shareholders' meetings as observers provided they have submitted to do so with the agent banks within the specified time frame. The external auditors are also present to assist the Directors in addressing any relevant queries from the shareholders

5.2 *Communication with shareholders*

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

5.3 *Conduct of Shareholder Meetings*

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

In line with the continuous obligations of the Company pursuant to the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. Other than announcements made via SGXNET in accordance with the requirements of the Listing Manual, shareholders can access more information of the Company and the Corporate Profile of the Company from the Company's website www.thaivillagerestaurant.com.sg.

The Company recognizes that effective communication can highlight transparency and enhance accountability to its shareholders. The Company provides information to its shareholders via SGXNET announcements and news releases. The Company ensures that price-sensitive information is publicly released, and is announced on an immediate basis where required under the SGX-ST's rules. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have fair access to the information.

The Company does not practice selective disclosure. Price-sensitive information is firstly publicly released before the Company meets with any group of investors or analysts. Results and AR are announced and issued within the mandatory period. The Company does not employed any investor relations personnel, however, the Executive Directors and Management are always available by email or telephone to answer question from shareholders and the media as long as the information requested does not conflict with SGX-ST's rules of fair disclosure.

The Company currently does not have a dividend policy. The form, frequency and amount of dividend declared each year will take into consideration the Group's profit growth, cash position, positive cash flows generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

The Company welcome active shareholder participation at the general meeting. It believes that general meeting serve as an opportune forum for shareholder to meet the Board and key management personnel and to communicate their views. To facilitate attendance of shareholders at the general meeting, the

CORPORATE GOVERNANCE REPORT

Company has always preferred holding the meetings at the city area which is near to the bus or MRT stations.

Shareholders have the opportunity to participate effectively and to vote in general meetings either in person or by proxy. Resolutions on each distinct issue are tabled separately at general meetings.

All Directors, including the chairman of the AC, NC and RC are present at the general meetings to address shareholders' queries. External Auditors will also be present at such meeting to assist the Directors to address any relevant queries from the shareholders, if necessary.

The Company Secretary prepares minutes of general meetings relating to the agenda of the meeting, and make this minutes, subsequently approved by the Board. These minutes will be available to shareholder upon their request.

The Company has implemented the system of voting by poll at its upcoming AGM. Results of each resolution put to vote at the AGM will be announced with details of percentages in favour and against.

6. 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.

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

7. 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.

8. 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 period ended 31 December 2014.

John Chen Seow Phun
Executive Chairman

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2015

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5	0.26	237	0.00
100 - 1,000	158	8.15	95,206	0.02
1,001 - 10,000	668	34.47	2,556,743	0.66
10,001 - 1,000,000	1,086	56.04	80,684,589	20.81
1,000,001 AND ABOVE	21	1.08	304,411,925	78.51
TOTAL	**1,938**	**100.00**	**387,748,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	100,071,250	25.81
2	ROSSBAY PRIVATE LIMITED	40,000,000	10.32
3	SINGAPORE ENTERPRISES PRIVATE LIMITED	38,700,000	9.98
4	TEO KIANG ANG	27,632,000	7.13
5	KOK NYONG PATT	25,015,225	6.45
6	LEE TONG SOON	23,528,226	6.07
7	UNIGOLD ASIA LIMITED	22,252,725	5.74
8	CHAN I-HARN ALVIN	3,032,000	0.78
9	TEO KOK LEONG	2,852,000	0.74
10	TAN SIA KENG	2,524,000	0.65
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,250,400	0.58
12	PHILLIP SECURITIES PTE LTD	2,106,750	0.54
13	ANG YU SENG	1,960,000	0.51
14	DBS NOMINEES (PRIVATE) LIMITED	1,896,000	0.49
15	UOB KAY HIAN PRIVATE LIMITED	1,788,750	0.46
16	LEE SZE KIAN	1,732,000	0.45
17	POH WAI LEONG (PAN WEILIANG)	1,553,000	0.40
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,548,599	0.40
19	CHUA YEW CHYE	1,400,000	0.36
20	CHEN LIPING	1,300,000	0.34
	TOTAL	**303,142,925**	**78.20**

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2015

SHAREHOLDING INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2015

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Citibank Nominees Singapore Pte Ltd	100,000,000	25.79	–	–
Zheng Fengwen [1]	–	–	100,000,000	25.79
Rossbay Private Limited	40,000,000	10.32	–	–
Heng Chin Ngor Doris [2]	–	–	40,000,000	10.32
Jo-Anne Chang [3]	–	–	40,000,000	10.32
Singapore Enterprises Private Limited	38,700,000	9.98	–	–
Teo Kiang Ang	27,632,000	7.13	–	–
Kok Nyong Patt [4]	25,015,225	6.45	12,500	0.01
Lee Tong Soon [5]	23,528,226	6.06	12,500	0.01
Unigold Asia Limited	22,252,725	5.74	–	–
John Chen Seow Phun [6]	–	–	22,315,225	5.76

Notes:-

[1] Mr Zheng Fengwen is the beneficial owner of 100,000,000 shares held by Citibank Nominees Singapore Pte Ltd.

[2] Ms Heng Chin Ngor Doris is deemed to be interested in 40,000,000 shares in the capital of the Company which are held by Rossbay Private Limited pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore by virtue of her being a director and shareholder of Rossbay Private Limited.

[3] Ms Jo-Anne Chang is deemed to be interested in 40,000,000 shares in the capital of the Company which are held by Rossbay Private Limited pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore by virtue of her being a director and shareholder of Rossbay Private Limited.

[4] Mr Kok Nyong Patt is deemed to be interested in 12,500 shares in the capital of the Company which are held by his late spouse, Ho Choy Pheng.

[5] Mr Lee Tong Soon is deemed to be interested in 12,500 shares in the capital of the Company which are held by his spouse, Lim Teck Eng.

[6] Dr. John Chen Seow Phun is deemed to be interested in 22,252,725 shares in the capital of the Company which are held by Unigold Asia Limited by virtue of him being the sole director and sole shareholder of Unigold Asia Limited, and is deemed to be interested in 62,500 shares in the capital of the Company which are held by his spouse, Lim Kok Huang.

RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

As at 17 March 2015, approximately 28.16% of 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 Pavillon Holdings Ltd. (the "**Company**") will be held at Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691 on Wednesday, 22 April 2015 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 period ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$587,500 for the financial period from 1 October 2014 to 31 December 2015 (15-month), with payment to be made in arrears. (2014 (12-month): S$320,000) **(Resolution 2)**

3. To re-elect Mr Kok Nyong Patt who retire pursuant to Article 107 of the Articles of Association of the Company. **(Resolution 3)**
   [See Explanatory Note (i)]

4. To re-elect Mr Foo Der Rong who retire pursuant to Article 107 of the Articles of Association of the Company. **(Resolution 4)**
   [See Explanatory Note (ii)]

5. To re-elect Mr Zheng Fengwen who retire pursuant to Article 117 of the Articles of Association of the Company. **(Resolution 5)**
   [See Explanatory Note (iii)]

6. To re-elect Ms Jo-Anne Chang who retire pursuant to Article 117 of the Articles of Association of the Company. **(Resolution 6)**
   [See Explanatory Note (iv)]

7. To re-elect Ms Chen Liping who retire pursuant to Article 117 of the Articles of Association of the Company. **(Resolution 7)**
   [See Explanatory Note (v)]

8. To re-appoint Messrs Ernst & Young LLP, Chartered Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

9. To transact any other ordinary business which may properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

10. **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**

NOTICE
OF ANNUAL GENERAL MEETING

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 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 9)**
[See Explanatory Note (vi)]

BY ORDER OF THE BOARD

Chew Kok Liang
Loh Siew Lee
Company Secretaries

Singapore, 7 April 2015

Explanatory Notes:

(i) Mr Kok Nyong Patt will, upon re-election as Director of the Company, remain as Executive Director and will be considered non-independent.

(ii) Mr Foo Der Rong will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee, a member of the Audit and Nominating Committee, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(iii) Mr Zheng Fengwen will, upon re-election as Director of the Company, remain as Executive Director and will be considered non-independent.

(iv) Ms Jo-Anne Chang will, upon re-election as Director of the Company, remain as Non-Executive Director and will be considered non-independent.

(v) Ms Chen Liping will, upon re-election as Director of the Company, remain as Executive Director and will be considered non-independent.

(vi) The Ordinary Resolution 9 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.

Notes

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies 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 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 holding the Meeting.

PERSONAL DATA PRIVACY

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

This page has been intentionally left blank.

PAVILLON 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 Pavillon 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 Pavillon 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 Wednesday, 22 April 2015 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 [3] within the box provided.)

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1	Directors' Report and Audited Accounts for the financial period ended 31 December 2014		
2	Approval of Directors' fees amounting to S$587,500 for the financial period from 1 October 2014 to 31 December 2015 (15-month), with payment to be made in arrears		
3	Re-election of Mr Kok Nyong Patt as a Director under Article 107		
4	Re-election of Mr Foo Der Rong as a Director under Article 107		
5	Re-election of Mr Zheng Fengwen as a Director under Article 117		
6	Re-election of Ms Jo-Anne Chang as a Director under Article 117		
7	Re-election of Ms Chen Liping as a Director under Article 117		
8	Re-appointment of Ernst & Young LLP as Auditors and to authorised the Directors of the Company to fix their remuneration		
	Special Business		
9	Authority to issue new shares		

Dated this ____________ day of ________________ 2015

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

____

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

*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 no 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.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2015.

Pavillon Holdings Ltd.
Company Registration No. 199905141N

Block 1002 Tai Seng Avenue
#01-2536, Singapore 534409
Tel: 65 64876182 • Fax: 65 64876183
www.thaivillagerestaurant.com.sg