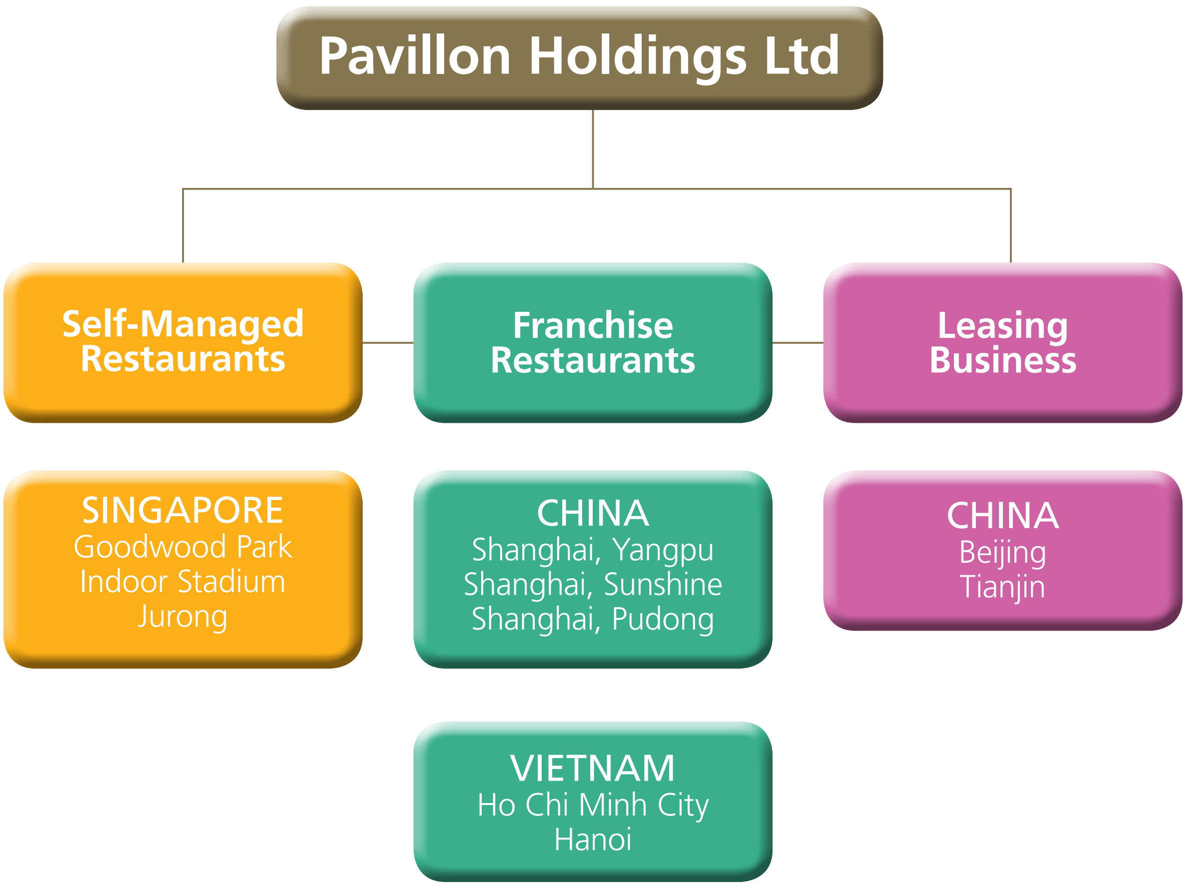
Pavillon Holdings Ltd.

CHARTING NEW DIRECTIONS

ANNUAL REPORT 2015

CONTENT

CORPORATE STRUCTURE



CHAIRMAN, CEO AND MANAGING DIRECTOR'S MESSAGE

1. **Dr. John Chen Seow Phun**
   Executive Chairman
2. **Mr Zheng Fengwen**
   Executive Director and CEO
3. **Mr Lee Tong Soon**
   Managing Director

Transformation requires time, but on the back of sound strategic, financial and operational fundamentals, we are on the right track and are confident of producing profits in the near future.

DEAR SHAREHOLDERS

Challenging operating conditions persisted for financial year 2015. The slowing Chinese economy, global uncertainty over falling oil and commodity prices, and subdued stock markets have all contributed to a global growth that decelerated to 2.4% – down from 2.6% in 2014.

Amid sluggish global demand, Singapore's economic growth was at its slowest since the global financial crisis: gross domestic product (GDP) in 2015 recorded a very modest increase of 2.1%.

Furthermore, dampening consumer sentiments, keen competition in the F&B industry and rising production costs have made a demanding business environment even tougher.

Unfavourable macro- and micro-economic conditions, in conjunction with a 15-month reporting period for financial year 2014, have led to the Group's total revenue slipping 22% year-on-year to $13.3m.

ROBUST FINANCIAL FUNDAMENTALS

Notwithstanding a drop in revenue, the Group continues to enjoy a healthy balance sheet supported by low debt, high equity and a substantial capacity to service near-term liabilities.

Current assets far exceed current liabilities, and reflect our ability to remain highly solvent. Additionally, a low debt-to-equity ratio makes the Group resilient to cyclical fluctuations, and also puts us in good stead to secure further debt funding for new business initiatives.

GOING FORWARD

An overarching strategy of diversification, aimed at limiting overexposure to any single market or sector, will continue to guide expansion activities.

In 2016, we will be making further inroads into the financial leasing industry in China, with the aim of making this business the main revenue driver in time to come. Though the overall Chinese economy is on the downturn, the financial leasing sector is however flourishing, and is anticipated to hit 5 trillion yuan (S$1.06tn) in the first half of 2016*.

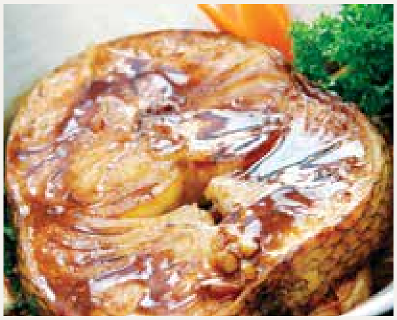
The Group has to date committed to several leasing projects, with a few more coming on-stream soon, and we are confident of securing good returns on investment. A new Beijing joint venture with a state-owned enterprise holds promising potential, and will facilitate our ability to secure better financing.

In line with this development, we have shifted our leasing operations from Jinan to Tianjin. It is a strategic move that allows us to leverage on the city's conducive business environment – there, the Group will enjoy tax rebates and rent holidays, which will help shore up the bottom line.

With regard to our restaurant business, we are stepping up marketing and promotional activities for existing outlets, while at the same time developing a new brand targeted at the mid-range and budget market segments. The introduction of new crab dishes will enhance customer experience, and complements the overall branding and marketing effort.

In addition to plans for a seafood-themed restaurant, we are also actively exploring opportunities in the region, and are glad to announce that a new franchise business will be commencing in Cambodia from August 2016 onwards.

OUTLOOK



In February 2016, we consolidated our F&B business by disposing of our 2 outlets in Shanghai. With this consolidation and the effort to introduce new dining experience, together with plans to increase new franchise outlets in the region, we look forward to better performance of our F&B business.

The economic restructuring in China supported by favorable polices of the Chinese government will likely see its economy grow by 6.5% to 7% in 2016. This will bode well for our financial leasing business in China. We are confident that this business will gather momentum and contribute more significantly to our profitability.

Closer to home, the formation of the ASEAN Economic Community and Trans-Pacific Partnership (of which Singapore is a member country) is expected to increase trade and raise member countries' GDPs. While we ought to retain a measure of circumspection, there are nonetheless grounds to expect a rosier 2016 and better years ahead.

DIVIDEND

In order to consolidate funds for upcoming business expansion, the Board has resolved not to pay dividends at the upcoming Annual General Meeting.

** Source: http://europe.chinadaily.com.cn/business/2015-07/21/content_21371743.htm*

CHAIRMAN, CEO AND MANAGING DIRECTOR'S MESSAGE

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises the fact that we operate within a community. We thus have a clear ethical obligation to first run our business and achieve our objectives in a responsible manner, and second, to give back to the community from which we have benefitted.

As part of the Group's drive towards corporate social responsibility, we participated in two Fun & Wellness Workshops in 2015, respectively for the Cerebral Palsy Alliance Singapore and Metta Preschool @ Punggol organised by the People's Association and the North East CDC.

CONCLUSION

Transformation requires time, but on the back of sound strategic, financial and operational fundamentals, we are on the right track and are confident of producing profits in the near future.

On behalf of the Board, we express our appreciation to our management and staff for their dedicated commitment. To our business partners and shareholders, we thank you for your patience, and request for your continued support as we strive for a better 2016.

Dr. John Chen,
Executive Chairman

Mr Zheng Fengwen,
Executive Director and CEO

Mr Lee Tong Soon,
Managing Director

OPERATIONS REVIEW

TURNOVER AND EARNINGS

For the financial year (FY) starting January 2015 and ending December 2015, total revenue of the Group decreased by approximately $3.8m as compared to FY 2014. That was in part due to the change in the financial year end to 31 December, which resulted in a 15-month reporting period for FY 2014.

Cost of raw materials used decreased by approximately $1.0m, which was in line with lower sales reported for FY2015. Gross profit margin slipped slightly to about 66%, mainly due to increase in raw material costs. Interest income decreased by approximately $1.0m, mainly due to repayment of loan receivable in FY2014. For other income, gains from the disposal of motor vehicles, which was recognised in FY2014, resulted in a year-on-year decrease of $0.2m in FY2015.

Due to a shorter, 12-month FY2015 (compared to 15 months for FY2014), personnel costs, depreciation expenses and other operating costs respectively decreased by approximately $1.2m, $0.2m and $0.7m.

Foreign exchange gain of $0.2m in FY2014 reversed into a slight loss in FY2015, mainly due to the RMB strengthening against the SGD over FY2014. Due to loan interest income, foreign exchange gain, franchise fees and gains on the disposal of motor vehicles being recognised in FY2014 (but not in FY2015), a profit before taxation of $0.1m from continuing operations in FY2014 turned into a loss of $2.0m in the subsequent FY.

SINGAPORE

Due to a longer reporting period for FY 2014 and lower monthly sales in FY2015, revenue from Singapore restaurant operations decreased by approximately $3.8m. Profit before tax of $0.2m arising from restaurant operations in FY2014 turned into a loss before taxation of $0.3m mainly due to lower sales. Profit before tax of approximately $0.1m arising from management services in FY2014 turned into a loss before taxation of approximately $1.4m, mainly due to lower interest income, absence of franchise fee income and lower management fee income as a result of slower restaurant sales.

PEOPLE'S REPUBLIC OF CHINA

A longer reporting period for FY2014 and the closure of the Qibao outlet in Shanghai resulted in a revenue decrease of $1.1m. Loss before taxation from restaurant operations decreased by approximately $0.8m, mainly due to losses incurred by the Qibao outlet before its closure in FY2014. The Group disposed of its restaurant operations in the People's Republic of China (PRC) in February 2016.

FRANCHISE OPERATIONS

Franchise income decreased by approximately $0.3m, mainly due to the absence of franchise fees and lower royalty income arising from the closure of two franchise outlets, one each in Shanghai and Indonesia during FY2015. The two restaurants in the PRC that the Group disposed of in February 2016 have become franchise outlets. The Group now has two franchise outlets in Vietnam and three in the PRC.

OPERATIONS
REVIEW

LEASING OPERATIONS

Leasing operations commenced business during the financial year. Loss before taxation increased by approximately $0.1m as compared to FY2014 mainly due to increase in manpower costs.

DISCONTINUED OPERATIONS

Loss after taxation from restaurant operations in the PRC – which were disposed of in February 2016 – has been classified under discontinued operations.

HUMAN RESOURCE MANAGEMENT

While the Group continues to pursue manpower rationalisation and cost reduction on the one hand, it is at the same time committed to human capital development and raising productivity at all levels of the organisation. To this end, we will continue in-house training for both kitchen and wait staff, so as to deliver higher quality food and better service to our customers.

It is important for the Group to be equipped with the necessary manpower expertise and experience, so that we can quickly respond to consumer demand once the market turns upbeat.

BALANCE SHEET AND CASH FLOW

Trade receivables from leasing business of approximately $4.0m was offset by decrease in property, plant and equipment of approximately $0.9m as a result of depreciation expenses charged during the year. That resulted in non-current assets increasing by approximately $2.8m.

Current assets decreased by approximately $5.0m, mainly due to an approximate $4.0m increase in non-current trade leasing receivables. Current liabilities decreased by approximately $0.1m, primarily due to decrease in income tax payable as a result of losses incurred during FY2015.

Assets and liabilities associated with restaurant operations in the PRC have been classified as held for sale. Those were subsequently disposed of in February 2016.

Net cash flow used in operating activities increased by about $5.5m compared to FY2014, mainly due to increase in cash used for: (i) trade receivables of approximately $5.0m; (ii) taxes paid amounting to approximately $0.2m; and (iii) increase in operating loss before working capital changes of $0.4m. Net cash flow generated from investing activities decreased by approximately $7.1m, mainly due to a $6m loan repayment and $3m interest received in FY2014 being offset by purchase of property, plant and equipment of about $1.8m made in FY2014.

Of the $24.8m arising from share placement in FY2014, about $6.4m were utilised, resulting in a balance of approximately $18.4m as at 31 December 2015.

BOARD OF DIRECTORS

Dr. JOHN CHEN SEOW PHUN
Executive Chairman

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

MR 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.

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.

BOARD OF DIRECTORS

MR KOK NYONG PATT
Executive Director

Mr Kok 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.

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.

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. Mr Hoon 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.

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 Kwok holds a Bachelor of Economics from Monash University and has many years of professional accounting and management experience. Ms 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 Kwok is currently a business and financial consultant to various clients of Olea Private Limited.

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 a Non-Executive Director of Southern Lion Sdn Bhd. His previous appointments include being the Managing Director and Chief Executive Officer of Intraco Limited and 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.

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

Ms 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 Ltd. 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 CHIU YEN CHUNG

General Manager – Leasing Operations

Mr Chiu was appointed General Manager on October 19, 2015. He has a Bachelor Degree in Economics from Fu-Jen University in Taiwan. He has more than 25 years of cross-functional experience in Taiwan and China's financial sector including financial leasing and commercial banking.

He worked in management roles in reputed organisations in Taiwan and China such as Orix Taiwan Corporation, CITIBANK Taipei, Taishin International Commercial Bank and China Trust International Commercial Bank. His experience spreads across various functions including head of sales department, product research department, risk control department, finance department and business development department.

MR MAXTEIN OH KOK THAI

General Manager – Restaurant Operations

He was appointed as Group General Manager on 1 May 2006 to oversee the restaurant 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).

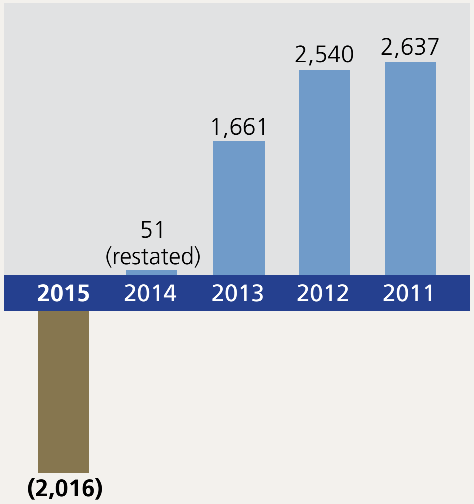
MR KENNY CHIANG KIAN NEE

General Manager (China Operation)

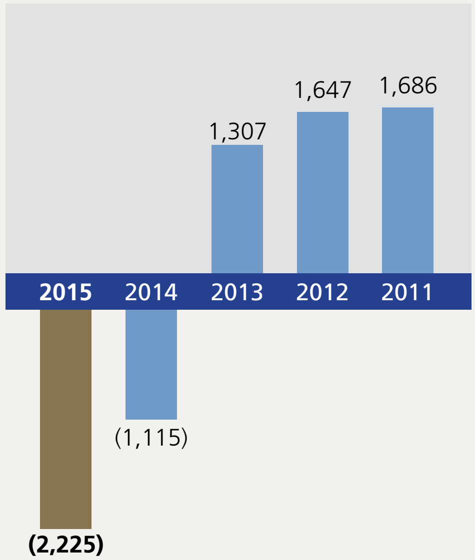
He is responsible for the operations and business development of the Group's subsidiaries and franchisees in the PRC. Prior to joining the Group in December 1999, Mr Chiang was a real estate manager with MLS Pro-Link Pte Ltd from 1995 to 1999. Mr Chiang also worked as a cargo officer with Hong Lam Bunkers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

FINANCIAL HIGHLIGHTS

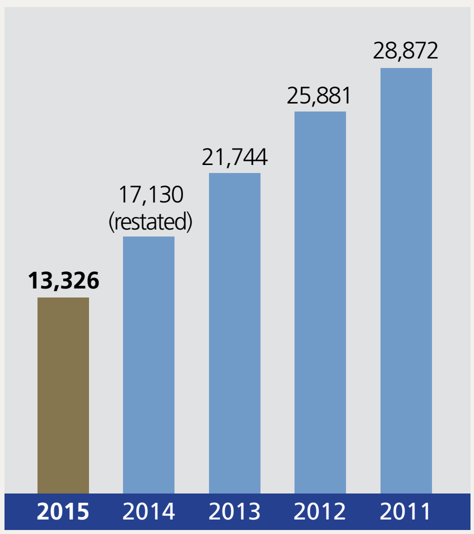
PROFIT/(LOSS) BEFORE TAXATION
(S$'000)



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



TURNOVER
(S$'000)



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 (Resigned on 22 February 2016)
Ms Wong Chuen Shya (Appointed 22 February 2016)

REGISTERED OFFICE

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

SHARE REGISTRAR

RHT Corporate Advisory Pte Ltd
Six Battery Road #10-01
Singapore 049909

AUDITORS

Ernst & Young LLP
Partner in-charge: Ken Ong
(Appointed since financial year ended 31 December 2015)

PRINCIPAL BANKERS

United Overseas Bank Limited
Malayan Banking Berhad
CIMB Bank
Industrial and Commercial Bank of China Limited

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement 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 sheets and statements of changes in equity of the Company for the financial year ended 31 December 2015.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheets and statements of changes in equity of the Company, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group, and the changes in equity of the Company for the year ended on that date; and

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

DIRECTORS

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

Dr. John Chen Seow Phun
Zheng Fengwen
Lee Tong Soon
Kok Nyong Patt
Chen Liping
Hoon Tai Meng
Julia Kwok Yung Chu
Foo Der Rong
Jo-Anne Chang

In accordance with Articles 107 of the Company's Articles of Association, Dr John Chen Seow Phun, Hoon Tai Meng and Julia Kwok Yung Chu retire and, being eligible, offer themselves for re-election, save for Julia Kwok Yung Chu who had indicated that she would not seek re-election at the forthcoming AGM.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, interests in the shares of the Company, as stated below:

	Direct interests			Deemed interests		
	At the beginning of financial year or date of appointment	At the end of financial year	As at 21 January 2016	At the beginning of financial year or date of appointment	At the end of financial year	As at 21 January 2016
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	25,015,225	25,027,725	25,027,725	12,500(4)	–	–
Chen Liping	1,300,000	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)

Note :

(1) 62,500 (2014: 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 (2014: 22,252,725) shares are held in the name of Unigold Asia Limited, which is wholly owned by Dr. John Chen Seow Phun.
(2) 100,000,000 shares are held in the name of Sunlead Evergrowing Capital Co. Limited which is 93% owned by Xu Cai Kui, who is the spouse of Mr Zheng Fengwen.
(3) 12,500 (2014: 12,500) shares are held in the name of Lim Teck Eng, who is the spouse of Lee Tong Soon;
(4) 12,500 (2014: 12,500) shares were held in the name of the late Ho Choy Pheng, 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 statement, no other director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year, or on 21 January 2016.

SHARE OPTIONS

As at 31 December 2015, there were no options on the unissued shares of the Company or any of its subsidiaries which were outstanding.

AUDIT COMMITTEE

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

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the half-yearly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before their submission to the Board of directors;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;
- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the board of directors the external auditors to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reviewed effectiveness of the Group and 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;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual;
- Met 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
- Reported actions and minutes of the AC to the Board of directors with such recommendations as the AC considered appropriate.

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

The AC convened two (2) meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

AUDITORS

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

On behalf of the board of directors:

Lee Tong Soon
Managing Director

Kok Nyong Patt
Executive Director

Singapore
28 March 2016

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015

Independent Auditor's Report to the members of Pavillon Holdings Ltd

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 70, which comprise the balance sheets of the Group and the Company as at 31 December 2015, 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 year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations 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

28 March 2016

BALANCE SHEETS

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000 (Restated)	Company 2015 $'000	Company 2014 $'000 (Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,320	3,174	–	3
Investments in subsidiaries	5	–	–	29,682	3,014
Trade debtors	7	3,953	–	–	–
Deposits	8	240	528	–	–
Other debtors	8	60	62	60	62
		6,573	3,764	29,742	3,079
Current assets					
Stocks	6	1,292	1,539	–	–
Trade debtors	7	1,109	30	18	16
Other debtors	8	54	145	24	45
Deposits	8	210	51	–	–
Prepayments		18	110	9	42
Amounts due from subsidiaries (trade)	9	–	–	1,368	1,329
Amounts due from subsidiaries (non-trade)	9	–	–	1,165	1,171
Cash and cash equivalents	10	8,852	28,879	5,628	26,692
Fixed deposits	11	23,696	12,504	3,506	10,782
		35,231	43,258	11,718	40,077
Assets of disposal group classified as held for sale	12	2,983	–	–	–
Total assets		44,787	47,022	41,460	43,156
EQUITY AND LIABILITIES					
Current liabilities					
Trade creditors		576	634	–	–
Other creditors and accruals	13	1,305	1,563	572	521
Provisions	13	190	–	–	–
Franchise deposits	13	–	30	–	30
Deferred rental income	13	12	12	–	–
Deferred revenue	13	–	1,609	–	–
Income tax payable		–	325	–	263
		2,083	4,173	572	814
Liabilities directly associated with disposal group classified as held for sale	12	2,000	–	–	–
Net current assets		34,131	39,085	11,146	39,263

	Note	Group 2015 $'000	Group 2014 $'000 (Restated)	Company 2015 $'000	Company 2014 $'000 (Restated)
EQUITY AND LIABILITIES (CONT'D)					
Non-current liabilities					
Deferred rental income	13	–	16	–	–
Provisions	13	90	280	–	–
Franchise deposits	13	110	80	110	80
Deferred tax liabilities	14	128	128	–	–
		328	504	110	80
Total liabilities		4,411	4,677	682	894
Net assets		40,376	42,345	40,778	42,262
Equity attributable to owners of the Company					
Share capital	15	39,433	39,433	39,433	39,433
Statutory reserve	16	–	684	–	–
Reserve of disposal group classified as held for sale	12	487	–	–	–
Foreign currency translation reserve	17	279	(174)	–	–
Revenue reserve		135	2,360	1,345	2,829
		40,334	42,303	40,778	42,262
Non-controlling interests		42	42	–	–
Total equity		40,376	42,345	40,778	42,262
Total equity and liabilities		44,787	47,022	41,460	43,156

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	Group 1.1.2015 to 31.12.2015 $'000	1.10.2013 to 31.12.2014 $'000 (Restated)
Revenue	18	13,326	17,130
Other items of income			
Interest income	19	199	1,194
Other income	20	153	333
Items of expenses			
Raw materials and changes in inventories		(4,561)	(5,610)
Employee benefits expenses	21	(7,408)	(8,602)
Depreciation expense	4	(756)	(969)
Net foreign exchange (loss)/gain		(3)	231
Other expenses		(2,966)	(3,656)
(Loss)/profit before taxation from continuing operations	22	(2,016)	51
Income tax expense	23	(60)	(204)
Loss from continuing operations, net of tax		(2,076)	(153)
Loss from discontinued operation, net of tax	12	(149)	(962)
Loss for the year attributable to owners of the Company		(2,225)	(1,115)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		256	85
Other comprehensive income for the year, net of tax		256	85
Total comprehensive income for the year attributable to owners of the Company		(1,969)	(1,030)
Loss per share from continuing operations attributable to owners of the Company (cents per share)			
Basic	24(a)	(0.54)	(0.05)
Diluted	24(a)	(0.54)	(0.05)
Loss per share attributable to owners of the Company (cents per share)			
Basic	24(b)	(0.57)	(0.35)
Diluted	24(b)	(0.57)	(0.35)

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

Group	Note	Share capital (Note 15) $'000	Statutory reserve (Note 16) $'000	Revenue reserve $'000	Foreign currency translation reserve (Note 17) $'000	Reserve of disposal group classified as held for sale $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company							
2015									
Balance as at 1 January 2015		39,433	684	2,360	(174)	–	42,303	42	42,345
Loss for the year		–	–	(2,225)	–	–	(2,225)	–	(2,225)
Other comprehensive income									
Foreign currency translation		–	–	–	256	–	256	–	256
Total other comprehensive income for the year, net of tax		–	–	–	256	–	256	–	256
Total comprehensive income for the year		–	–	(2,225)	256	–	(1,969)	–	(1,969)
Contributions by and distributions to owners									
Shares issued		–	–	–	–	–	–	–	–
Others									
Reserve attributable to disposal group classified as held for sale		–	(684)	–	197	487	–	–	–
Balance as at 31 December 2015		39,433	–	135	279	487	40,334	42	40,376

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

		Attributable to owners of the Company						
	Note	Share capital (Note 15)	Statutory reserve (Note 16)	Revenue reserve	Foreign currency translation reserve (Note 17)	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Group		$'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 period		–	–	(1,115)	–	(1,115)	–	(1,115)
Other comprehensive income								
Foreign currency translation		–	–	–	85	85	–	85
Total other comprehensive income for the period, net of tax		–	–	–	85	85	–	85
Total comprehensive income for the 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

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

Company	Note	Share capital (Note 15) $'000	Revenue reserve $'000	Total equity $'000
2015				
Balance as at 1 January 2015		39,433	2,829	42,262
Loss for the year, representing total comprehensive income for the year		–	(1,484)	(1,484)
Contributions by and distributions to owners				
Share placement proceed		–	–	–
Total contributions by and distribution to owners		–	–	–
Balance as at 31 December 2015		39,433	1,345	40,778
2014				
Balance as at 1 October 2013		14,593	2,860	17,453
Loss for the period, representing total comprehensive income for the 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

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 2015

	Group	
	1.1.2015 to 31.12.2015	**1.10.2013 to 31.12.2014**
	$'000	$'000 (Restated)
Cash flows from operating activities		
(Loss)/profit before tax from continuing operations	(2,016)	51
Loss before tax from discontinued operation	(149)	(962)
Adjustments for:		
Trade debtors written off	–	104
Stock loss	22	–
Impairment loss on property, plant and equipment, net	8	82
Depreciation of property, plant and equipment	828	1,117
Property, plant and equipment written off	–	147
Interest income	(256)	(1,279)
Gain on disposal of property, plant and equipment	–	(155)
Exchange differences	222	(59)
Operating cash flows before changes in working capital	(1,341)	(954)
Changes in working capital:		
(Increase)/Decrease in stocks	(57)	440
Increase in trade debtors	(5,048)	(18)
Decrease in other debtors, deposits and prepayments	113	52
Increase/(Decrease) in trade creditors	103	(314)
Increase/(Decrease) in other creditors and accruals, franchise deposits, deferred rental income, and deferred revenue	39	(190)
Cash flows used in operations	(6,191)	(984)
Taxes paid	(468)	(222)
Net cash flows used in operating activities	(6,659)	(1,206)
Cash flows from investing activities		
Interest received	228	2,996
Purchase of property, plant and equipment	(69)	(1,844)
Loan receivables	–	6,000
Proceeds from disposal of property, plant and equipment	–	155
Net cash flows generated from investing activities	159	7,307
Cash flows from financing activities		
Proceeds from issuance of shares	–	24,840
Placement of fixed deposits	(12,696)	(5,283)
Net cash flows (used in)/generated from financing activities	(12,696)	19,557
Net (decrease)/increase in cash and cash equivalents	(19,196)	25,658
Effect of exchange rate changes on cash and cash equivalents	12	53
Cash and cash equivalents at beginning of financial year	28,879	3,168
Cash and cash equivalents at end of financial year (Note 10)	9,695	28,879

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

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

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

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 year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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*
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 19 *Employee Benefits*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 and FRS 109, 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. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a 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 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 when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the 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;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

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

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

(b) *Business combinations and goodwill*

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

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

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

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.5 *Transactions with non-controlling interests*

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

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

2.6 Foreign currency

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

2. 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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *Subsidiaries*

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less 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, held-to-maturity and at fair value through profit or loss.

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) ***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), fixed deposits and cash and cash equivalents. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

(b) ***Impairment of non-financial assets***

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

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

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

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

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

De-recognition

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

2. 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 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*

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.

As lessor

Finance leases, which transfer substantially all the risks and rewards incidental to legal ownership of the leased items, are recognised as a receivable at an amount equal to the net investment in the lease. Thus, the lease payment receivable is treated by the Group as repayment of principal and finance income to reimburse and reward the Group for its investment and services.

The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

2.18 *Non-current assets held for sale and discontinued operations*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line if business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area or operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.19 *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.

(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.

(d) ***Leasing income***

Leasing income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. Associated costs are charged to the cost of sales as incurred.

2.20 *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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.20 ***Taxes*** *(cont'd)*

(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.

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

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

– In respect of deductible temporary differences associated with investments in subsidiaries, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.20 *Taxes (cont'd)*

(c) ***Sales tax***

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

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

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

2.21 *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 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 *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. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements 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. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management conclude that the functional currency of the entities of the Group is their respective local currency.

Determination of lease classification

The Group has entered into lease arrangement with external parties on its equipment. The Group evaluated the terms and conditions of the arrangement and assessed that the ownership of the assets will be transferred to the lessee at the end of the lease term. The Group determined that all the significant risks and rewards of the ownership of the assets will be transferred substantially to the lessee and so accounts for the contracts as finance lease.

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.

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 (2014: 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,

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

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

plant and equipment at the end of each reporting period is disclosed in Note 4 to the financial statements. A 5% (2014: 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 1.73% (2014: 4.8%) variance in the Group's net loss for the financial year.

Impairment of non-financial assets

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

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 7,8 and 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 Company's domicile.

The carrying amounts of the Group's and the Company's income tax payable as at 31 December 2015 are $Nil (2014: $325,000) and $Nil (2014: $263,000) respectively. The carrying amount of the Group's deferred tax liabilities as at 31 December 2015 is $128,000 (2014: $128,000).

4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties $'000	Furniture, fixtures and equipment $'000	Kitchen and restaurant equipment $'000	Motor vehicles $'000	Computers $'000	Operating supplies $'000	Total $'000
Cost							
Balance as at 1 October 2013	2,963	5,104	953	1,340	325	2	10,687
Additions *	–	1,092	68	881	23	–	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 and 1 January 2015	2,963	4,191	799	1,805	178	2	9,938
Additions*	–	–	2	–	67	–	69
Disposals and write-offs	–	(94)	(24)	–	(76)	–	(194)
Translation differences	1	14	4	5	1	–	25
Attributable to discontinued operation (Note 12)	(152)	(1,535)	(404)	(95)	(35)	–	(2,221)
Balance as at 31 December 2015	2,812	2,576	377	1,715	135	2	7,617
Accumulated depreciation and impairment loss							
Balance as at 1 October 2013	1,997	4,525	758	705	249	2	8,236
Charge for the financial year	132	552	46	315	72	–	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 and 1 January 2015	2,128	3,204	651	613	166	2	6,764
Charge for the financial year	106	328	32	329	33	–	828
Disposals and write-offs	–	(94)	(24)	–	(76)	–	(194)
Translation differences	1	12	3	1	–	–	17
Impairment loss / (Write back of impairment loss)	28	(35)	9	–	6	–	8
Attributable to discontinued operation (Note 12)	(149)	(1,480)	(372)	(94)	(31)	–	(2,126)
Balance as at 31 December 2015	2,114	1,935	299	849	98	2	5,297
Net carrying amount							
Balance as at 31 December 2015	698	641	78	866	37	–	2,320
Balance as at 31 December 2014	835	987	148	1,192	12	–	3,174

* Cash payments of $69,000 (2014: $1,844,000) were made to purchase property, plant and equipment during the financial year.

4. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Impairment of property, plant and equipment

During the year, an impairment loss of $64,000 (2014: $82,000) was recognised on plant and equipment of a subsidiary of the Group that has been making operating losses.

Company	**Computers**
	2014
	$'000
Cost	
At 1 October 2013	–
Additions	13
At 31 December 2014 and 1 January 2015	13
Additions	–
At 31 December 2015	13
Accumulated depreciation	
At 1 October 2013	–
Depreciation charge for the period	10
At 31 December 2014 and 1 January 2015	10
Depreciation charge for the year	3
At 31 December 2015	13
Net carrying amount	
At 31 December 2015	–
At 31 December 2014	3

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	**2014**
	$'000	$'000
Unquoted equity shares, at cost	29,682	3,014

5. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

Details of the subsidiaries as at 31 December 2015 and 2014 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	
			2015 %	**2014** %	**2015** $'000	**2014** $'000
Held by the Company						
Thai Village Restaurant Pte. Ltd [(1)]	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)]	Financial leasing of properties and all kind of machineries, tools, equipment and instruments of every kind of description related to the said property	People's Republic of China	100	100	27,055	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	100	566	566
					29,682	3,014

5. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Held through Thai Village (China) Pte. Ltd.				
Shanghai Thai Village Restaurant Management Co., Ltd (3)##	Operation and management of restaurants	People's Republic of China	93.75	93.75
Thai Village Restaurant (Shanghai) Co., Ltd (3)	Operation of restaurants	People's Republic of China	100	100
Held through Pavillon Business Development (Shanghai) Co., Ltd.				
Tianjin Pavillon Assets Management Co., Ltd (c)	Asset management, enterprise management, mergers and acquisitions and financial advisory services	People's Republic of China	100	–

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

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 subsidiary, 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.

(c) On 21 December 2015, Pavillon Business Development (Shanghai) Co., Ltd has incorporated a wholly owned subsidiary, Tianjin Pavillon Assets Management Co., Ltd with registered capital of RMB 50,000,000. The subsidiary is domiciled in the People's Republic of China.

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

(2) Audited by Shandong Quanrun CPA Firm

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

6. STOCKS

	Group	
	2015	**2014**
	$'000	$'000
Consolidated balance sheet:		
Processed stocks	890	1,014
Raw and other materials	402	525
	1,292	1,539
Consolidated income statement:		
Stocks recognised as an expense in cost of sales	4,561	5,610

7. TRADE DEBTORS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Trade and other debtors (current):				
Trade debtors	1,109	30	18	16
Other debtors (Note 8)	54	145	24	45
Deposits (Note 8)	210	51	–	–
Amounts due from subsidiaries (trade) (Note 9)	–	–	1,368	1,329
Amounts due from subsidiaries (non-trade) (Note 9)	–	–	1,165	1,171
	1,373	226	2,575	2,561
Trade and other debtors (non-current):				
Deposits (Note 8)	240	528	–	–
Other debtors (Note 8)	60	62	60	62
Trade debtors	3,953	–	–	–
	4,253	590	60	62
Total trade and other debtors (current and non-current)	5,626	816	2,635	2,623
Add: Cash and cash equivalents (Note 10)	8,852	28,879	5,628	26,692
Add: Fixed deposits (Note 11)	23,696	12,504	3,506	10,782
Total loans and receivables	38,174	42,199	11,769	40,097

Included in trade debtors of the Group is an amount of $5,037,000 (2014: $8,000) denominated in Renminbi.

7. TRADE DEBTORS *(cont'd)*

Trade debtors, other than lease receivables, are non-interest bearing and are generally on 30 (2014: 30) days' credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group and the Company have trade debtors amounting to $24,000 (2014: $11,000) and $18,000 (2014: $8,000) 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	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Less than 30 days	5	5	5	5
30 to 60 days	11	6	5	3
More than 60 days	8	–	8	–
	24	11	18	8

Trade debtors that are impaired

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

Lease receivables

Included in trade debtors of the Group is an amount of $5,037,000 relating to lease receivables. Lease receivables earn interest for varying periods of between 24 months to 36 months, depending on the contracted agreement between the Group and the lessee, and earn interest ranging from 14% to 18%. These leases have no terms of renewal, purchase options and escalation clauses.

Future minimum lease payment receivables under finance leases together with the present value of the net minimum lease payment receivable are as follows.

	Minimum lease payments receivable		Present value of payments receivable	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Not later than one year	1,084	–	1,084	–
Later than one year but not later than five years	5,723	–	3,953	–
Total minimum lease payments receivable	6,807	–	5,037	–
Less: amount representing finance income	(1,770)	–	–	–
Present value of minimum lease payments receivable	5,037	–	5,037	–

8. OTHER DEBTORS AND DEPOSITS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Other debtors (non-current)				
Advances to employees *	17	17	17	17
Interest receivable	43	45	43	45
	60	62	60	62
Other debtors (current)				
Advances to employees *	4	8	4	7
Interest receivable	–	6	–	6
Sundry debtors	50	131	20	32
	54	145	24	45

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Deposits				
Deposits (current)	210	51	–	–
Deposits (non-current)	240	528	–	–
	450	579	–	–

* 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 $26,000 (2014: $99,000) denominated in Renminbi.

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.

9. 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 services by the Company to its subsidiaries. These amounts are unsecured, interest-free and are repayable on demand.

9. AMOUNTS DUE FROM SUBSIDIARIES (TRADE AND NON-TRADE) *(cont'd)*

Amounts due from subsidiaries (trade) *(cont'd)*

Included in the Company's trade amounts due from subsidiaries is an amount of $474,000 (2014: $591,000) denominated in Renminbi.

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.

In the prior year, non-trade amount of $8,000 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.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	8,852	28,879	5,628	26,692

Cash at banks earn interest at floating rates based on daily bank deposit rates.

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Renminbi	2,071	371	–	–

10. CASH AND CASH EQUIVALENTS *(cont'd)*

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2015	**2014**
	$'000	$'000
Cash and cash equivalents		
Continuing operations	8,852	28,879
Discontinued operation (Note 12)	843	–
Total cash and cash equivalents	9,695	28,879

11. FIXED DEPOSITS

Fixed deposits are made for a period of 6 months (2014: 3 to 12 months), depending on the immediate cash requirements of the Group and the Company, and earn interest ranging from 0.95% to 2.00% (2014: 0.48% to 3.00%) per annum.

Fixed deposits denominated in foreign currency as at 31 December:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Renminbi	20,190	1,722	–	–

12. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

During the year, the board of directors of the Company decided to dispose of three of its subsidiaries, Thai Village (China) Pte Ltd, Thai Village Restaurant (Shanghai) Co., Ltd and Shanghai Thai Village Restaurant Management Co., Ltd, collectively known as the TVC group, which was previously reported in the restaurant operations segment. The decision is consistent with the group's strategy to focus on its leasing businesses and to divest its Food and Beverages businesses in the People's Republic of China which has been underperforming for the last five years. As at 31 December 2015, the assets and liabilities related to TVC group have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". And its results are presented separately on profit or loss as "Loss from discontinued operation, net of tax". The disposal of TVC group was completed on 12 February 2016 (Note 31).

12. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(cont'd)

Balance sheet disclosures

The major classes of assets and liabilities of TVC group classified as held for sale and the related reserves as at 31 December are as follows:

	Group
	2015
	$'000
Assets:	
Property, plant and equipment	95
Stocks	282
Trade debtors	16
Other debtors	71
Deposits	140
Prepayment	17
Cash and cash equivalents	843
Fixed deposits	1,519
Assets of disposal group classified as held for sale	2,983
Liabilities:	
Trade creditors	(161)
Other creditors and accruals	(351)
Deferred revenue	(1,488)
Liabilities directly associated with disposal group classified as held for sale	(2,000)
Net assets directly associated with disposal group classified as held for sale	983
Reserves	
Statutory reserve	684
Foreign currency translation reserve	(197)
	487

12. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(cont'd)

Income statement disclosures

The results of TVC group for the years ended 31 December are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Revenue	5,186	6,322
Interest income	57	85
Other income	–	21
Raw materials and changes in inventories	(1,677)	(2,105)
Employees benefits expenses	(1,454)	(1,808)
Depreciation expenses	(72)	(148)
Other expenses	(2,189)	(3,329)
Loss before tax from discontinued operation	(149)	(962)
Income tax expense	–	–
Loss from discontinued operation, net of tax	(149)	(962)

Cash flow statement disclosures

The cash flow attributable to TVC group is as follows:

	Group	
	2015	**2014**
	$'000	$'000
Operating	(377)	(1,234)
Investing	46	101
Financing	217	1,023
Net cash outflow	(114)	(110)

Loss per share disclosures

	Group	
	2015	**2014**
	$'000	$'000
Loss per share from discontinued operation attributable to owners of the Company (cents per share)		
Basic	(0.03)	(0.30)
Diluted	(0.03)	(0.30)

12. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(cont'd)

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. The share data is presented in Note 24.

13. OTHER CREDITORS AND ACCRUALS, FRANCHISE DEPOSITS, DEFERRED RENTAL INCOME, DEFERRED REVENUE, AND PROVISIONS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Other creditors and accruals (current)				
Sundry creditors	245	243	24	48
Accrued personnel expenses	587	762	189	188
Amount due to directors	235	163	235	163
Other accrued operating expenses	238	312	124	122
Provision for withholding tax	–	83	–	–
	1,305	1,563	572	521
Franchise deposits				
Franchise deposits (current)	–	30	–	30
Franchise deposits (non-current)	110	80	110	80
	110	110	110	110
Deferred rental income				
Deferred rental income (current)	12	12	–	–
Deferred rental income (non-current)	–	16	–	–
	12	28	–	–
Deferred revenue (current) *	–	1,609	–	–

* 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 $217,000 (2014: $311,000) denominated in Renminbi.

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

13. OTHER CREDITORS AND ACCRUALS, FRANCHISE DEPOSITS, DEFERRED RENTAL INCOME, DEFERRED REVENUE, AND PROVISIONS *(cont'd)*

Provisions for reinstatement costs:-

	Group	
	2015	**2014**
	$'000	$'000
Balance at 1 January/1 October	280	110
Provision during the financial period	–	220
Utilised	–	(50)
Balance at 31 December	280	280
Comprises:		
Current	190	–
Non-current	90	280
	280	280

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.

In the prior 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 had been utilised.

14. DEFERRED TAX LIABILITIES

	Group	
	2015	**2014**
	$'000	$'000
Deferred tax liabilities :-		
Balance as at 1 December/1 October	128	110
Credit during the financial period	–	18
Balance as at 31 December	128	128

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

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

	Group	
	2015	**2014**
	$'000	$'000
Unutilised tax losses	(257)	(200)

14. DEFERRED TAX LIABILITIES *(cont'd)*

As at 31 December 2015, the Group has unutilised tax losses carried forward from certain subsidiaries of approximately $1,511,000 (2014: $1,177,000), 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.

15. SHARE CAPITAL

	Group and Company			
	2015		**2014**	
	No. of ordinary shares '000	$'000	**No. of ordinary shares** '000	$'000
Issued and fully paid ordinary shares:				
At 1 January/ 1 October	387,749	39,433	207,749	14,593
Shares issued	–	–	180,000	24,840
At 31 December	387,749	39,433	387,749	39,433

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.

16. 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 profits after tax 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.

17. 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.

18. REVENUE

	Group	
	1.1.2015 to 31.12.2015	**1.10.2013 to 31.12.2014**
	$'000	$'000
Restaurant operations	12,976	16,726
Franchise and royalty fee income	108	404
Equipment leasing	242	–
	13,326	17,130

19. INTEREST INCOME

	Group	
	1.1.2015 to 31.12.2015	**1.10.2013 to 31.12.2014**
	$'000	$'000
Interest income from :-		
Fixed deposits	94	87
Bank balances	105	–
Loan receivables	–	1,107
	199	1,194

20. OTHER INCOME

	Group	
	1.1.2015 to 31.12.2015	**1.10.2013 to 31.12.2014**
	$'000	$'000
Gain on disposal of property, plant and equipment	–	155
Gain in fair value of derivative asset	–	52
Others	153	126
	153	333

21. EMPLOYEE BENEFITS EXPENSES

	Group	
	1.1.2015 to 31.12.2015	**1.10.2013 to 31.12.2014**
	$'000	$'000
Wages, salaries, bonuses and allowances*	6,225	7,289
Contributions to defined contribution plans	331	395
Other personnel costs	852	918
	7,408	8,602

* Includes directors' fees and remuneration as disclosed in Note 25 to the financial statements.

22. (LOSS)/PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

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

	Group	
	1.1.2015 to 31.12.2015	**1.10.2013 to 31.12.2014**
	$'000	$'000
Audit fees paid to:		
– Auditors of the Company	129	124
Property, plant and equipment written off	–	3
Consumables expenses	76	95
Cleaning expenses	39	53
Travelling expenses	17	70
General repair and maintenance	64	147
Impairment loss on property, plant and equipment, net	8	–
Water and electricity expenses	436	644
Operating lease expenses	1,574	1,886

23. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	$'000
Consolidated income statement:		
Current income tax – continuing operations:		
– Current income taxation	66	214
– Over provision in respect of previous years	(6)	(28)
	60	186
Deferred income tax – continuing operations (Note 14):		
– Origination and reversal of temporary differences	–	19
– Benefit from previously unrecognised tax losses	–	(1)
	–	18
Income tax attributable to continuing operations	60	204
Income tax attributable to discontinued operation (Note 12)	–	–
Income tax expense recognised in profit or loss	60	204

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rates for the financial years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	$'000	$'000
(Loss)/Profit before tax from continuing operations	(2,016)	51
Loss before tax from discontinued operation (Note 12)	(149)	(962)
Loss before taxation	(2,165)	(911)
Tax at the statutory tax rate of 17% (2014: 17%)	(368)	(155)
Adjustments for :		
Non-deductible expenses	328	267
Non-taxable income	(3)	–
Differences in foreign tax rates	(18)	(79)
Withholding tax	66	103
Deferred tax assets not recognised	57	200
Tax relief	–	(56)
Over provision in respect of prior years	(6)	(28)
Tax exemption	–	(52)
Benefit from previously unrecognised tax losses	–	(1)
Others	4	5
Income tax expense recognised in profit or loss	60	204

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

24. LOSS PER SHARE (BASIC AND DILUTED)

(a) ***Continuing operations***

Both basic and diluted loss per share from continuing operations are calculated by dividing loss from continuing operations, net of tax, attributable to owners of the company of $2,076,000 (2014: $153,000) by the weighted average number of 387,748,700 (2014: 321,184,149) ordinary shares outstanding during the financial year.

(b) ***Loss per share computation***

Both basic and diluted loss per share are calculated by dividing the Group's net loss attributable to owners of the Company of $2,225,000 (2014: $1,115,000) by the weighted average number of 387,748,700 (2014: 321,184,149) ordinary shares outstanding during the financial year.

The basic and diluted loss per share are the same as the Group did not have any dilutive potential ordinary shares outstanding as at 31 December 2015 and 2014.

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.

25. 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	
	2015	**2014**
	$'000	$'000
Directors' remuneration:		
Directors' fees	470	492
Directors' remuneration	2,291	2,553
Contribution to defined contribution plans	41	40
	2,802	3,085
Key executive officers' remuneration:		
Executive officers' remuneration	603	742
Contributions to defined contribution plans	57	65
	660	807

25. SIGNIFICANT RELATED PARTY TRANSACTIONS *(cont'd)*

	Group	
	2015	**2014**
	$'000	$'000
Remuneration paid to employees related to directors or substantial shareholders:		
Employees' remuneration	50	100
Contributions to defined contribution plans	7	13
	57	113

26. COMMITMENTS

(a) ***Capital commitments***

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

	Group	
	2015	**2014**
	$'000	$'000
Capital commitment in relation to investment in subsidiaries	123,632	131,254

The Group has committed to inject capital into the subsidiaries over a period of 2 to 20 years from the date of incorporation.

(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 (2014: 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 2015, amounted to $1,574,000 (2014: $1,886,000). No contingent rents were paid during the financial years ended 31 December 2015 and 2014.

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

	Group	
	2015	**2014**
	$'000	$'000
Within 1 year	1,555	1,626
Within 2 to 5 years	453	1,755
More than 5 years	142	156
	2,150	3,537

26. COMMITMENTS *(cont'd)*

(c) ***Financial support***

In the prior year, the Company has provided financial support to a subsidiary to enable it to continue as a going concern. The net current deficit position of this subsidiary as at 31 December 2014 amounted to $1,318,000.

27. SEGMENT INFORMATION

For management purposes, the Group is organised on a worldwide basis into three 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

– Equipment 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.

27. SEGMENT INFORMATION *(cont'd)*

	Restaurant operations		Restaurant management services		Equipment leasing	Equipment leasing	Adjustments and eliminations		Notes	Per consolidated financial statements	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000		2015 $'000	2014 $'000
Revenue:											
External sales	18,151	22,962	119	490	242	–	(5,186)	(6,322)	A	13,326	17,130
Inter-segment sales	–	–	2,236	2,830	–	–	(2,236)	(2,830)	B	–	–
	18,151	22,962	2,355	3,320	242	–	(7,422)	(9,152)		13,326	17,130
Results:											
Interest income	57	85	94	1,194	105	–	(57)	(85)	A	199	1,194
Gain on disposal of property, plant and equipment	–	155	–	–	–	–	–	–		–	155
Property, plant and equipment written off	–	(147)	–	–	–	–	–	144	A	–	(3)
Depreciation of property, plant and equipment	(743)	(1,080)	(3)	(11)	(82)	(26)	72	148	A	(756)	(969)
Stock loss	(22)	–	–	–	–	–	22	–		–	–
Impairment loss on trade debtors	–	(104)	–	–	–	–	–	104	A	–	–
Impairment loss on property, plant and equipment / (Write back of impairment loss on property, plant and equipment)	(8)	(82)	–	–	–	–	(56)	82	A	(64)	–
Segment (loss)/profit	(403)	(781)	(1,422)	(35)	(340)	(247)	149	1,114	C	(2,016)	51
Assets:											
Additions to non-current assets	69	1,384	–	13	–	447	–	–	D	69	1,844
Segment assets	7,857	8,982	38,014	32,589	27,672	374	(28,756)	5,077	E	44,787	47,022
Segment liabilities	4,611	4,863	682	641	358	48	(1,240)	(875)	F	4,411	4,677

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

A The amounts relating to the planned disposal have been excluded to arrive at amounts shown in Profit & loss as they are presented separately in the income statement within one line item, "Loss after taxation from discontinued operations".

B Inter-segment revenues are eliminated on consolidation.

27. SEGMENT INFORMATION *(cont'd)*

C The following items are deducted from segment profit to arrive at "profit before taxation from continuing operations" presented in the consolidated statement of comprehensive income:

	2015 $'000	2014 $'000
Segment results of discontinued operation	149	962
Elimination of impairment of investment in subsidiaries	–	152
	149	1,114

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

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

	2015 $'000	2014 $'000
Unallocated corporate assets	3,505	10,782
Inter-segment assets	(32,261)	(5,705)
	(28,756)	5,077

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

	2015 $'000	2014 $'000
Income tax payables	–	325
Deferred tax liabilities	128	128
Inter-segment liabilities	(1,368)	(1,328)
	(1,240)	(875)

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	
	2015 $'000	**2014** $'000	**2015** $'000	**2014** $'000
Singapore	12,976	16,725	1,978	2,647
People's Republic of China	5,413	6,304	437	527
Others	123	423	–	–
Discontinued operation	(5,186)	(6,322)	(95)	–
	13,326	17,130	2,320	3,174

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

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is 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.

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. For other financial assets (including cash and cash equivalents), 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 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 2015, approximately 100% (2014: 60%) of the Group's trade debtors relates to 2 (2014: 3) debtors located in Shandong Province Jining City High-tech Zone and Tianjin Binhai New Area respectively.

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:-

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Credit risk *(cont'd)*

	Group			
	2015		2014	
	$'000	% of total	$'000	% of total
By country :				
Indonesia	11	–	11	37
Singapore	–	–	–	–
People's Republic of China	5,037	100	8	26
Others	14	–	11	37
	5,062	100	30	100
By business sectors :				
Restaurant operations	6	–	14	47
Restaurant management services	19	–	16	53
Equipment leasing	5,037	100	–	–
	5,062	100	30	100

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 7, 8 and 9 to the financial statements.

Foreign currency risk

The Group's foreign currency risk exposures are mainly in Renminbi. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Foreign currency risk *(cont'd)*

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.

Liquidity risk

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

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

	2015			2014		
	Within 1 year $'000	**More than 1 year** $'000	**Total** $'000	**Within 1 year** $'000	**More than 1 year** $'000	**Total** $'000
Group						
Financial assets:						
Trade debtors	1,109	3,953	5,062	30	–	30
Other debtors	54	60	114	145	62	207
Deposits	210	240	450	51	528	579
Cash and cash equivalents	8,852	–	8,852	28,879	–	28,879
Fixed deposits	23,696	–	23,696	12,504	–	12,504
Total undiscounted financial assets	33,921	4,253	38,174	41,609	590	42,199
Financial liabilities:						
Trade creditors	576	–	576	634	–	634
Other creditors and accruals	1,305	–	1,305	1,563	–	1,563
Franchise deposits	–	110	110	30	80	110
Total undiscounted financial liabilities	1,881	110	1,991	2,227	80	2,307
Total net undiscounted financial assets	32,040	4,143	36,183	39,382	510	39,892

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Liquidity risk *(cont'd)*

	2015			2014		
	Within 1 year $'000	More than 1 year $'000	Total $'000	Within 1 year $'000	More than 1 year $'000	Total $'000
Company						
Financial assets:						
Trade debtors	18	–	18	16	–	16
Other debtors	24	60	84	45	62	107
Amounts due from subsidiaries (trade)	1,368	–	1,368	1,329	–	1,329
Amounts due from subsidiaries (non-trade)	1,165	–	1,165	1,171	–	1,171
Cash and cash equivalents	5,628	–	5,628	26,692	–	26,692
Fixed deposits	3,506	–	3,506	10,782	–	10,782
Total undiscounted financial assets	11,709	60	11,769	40,035	62	40,097
Financial liabilities:						
Other creditors and accruals	572	–	572	521	–	521
Franchise deposits	–	110	110	30	80	110
Total undiscounted financial liabilities	572	110	682	551	80	631
Total net undiscounted financial assets/ (liabilities)	11,137	(50)	11,087	39,484	(18)	39,466

29. 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 not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

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

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

29. FAIR VALUE OF FINANCIAL INSTRUMENTS *(cont'd)*

A. ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*** *(cont'd)*

Deposits (non-current) and trade debtors (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 and trade debtors 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.

30. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

As disclosed in Note 16, a few subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2015 and 2014.

31. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 13 January 2016, the Company has injected US$3million as issued and paid-up capital into its joint venture company, State Research Pavillon Financial Leasing Co., Ltd. located in Beijing, PRC. The Company and its joint venture partner, Beijing State Research Interoperability Communication Technology Co., Ltd, each holds 50% shareholding interests respectively.

On 12 February 2016, the Company has completed the disposal of the TVC group, which has been classified as discontinued operation (Note 12) as at 31 December 2015, for a cash consideration of $2,000,000.

32. PRIOR YEAR COMPARATIVE

Balance sheet

The following prior year balance sheet figures have been reclassified to conform with current year's presentation.

	Group		Company	
	As reclassified FY2014 $'000	As previously reported FY2014 $'000	As reclassified FY2014 $'000	As previously reported FY2014 $'000
Cash and cash equivalents	28,879	41,383	26,692	37,474
Fixed deposits	12,504	–	10,782	–

Statement of comprehensive income

The prior year statement of comprehensive income figures have been reclassified to conform with current year's presentation for discontinued operation. The figures reclassified are disclosed in Note 12 to the financial statements.

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 28 March 2016.

CORPORATE
GOVERNANCE REPORT

The Board of Directors of Pavillon 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 maintain 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 7 and 9 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 identifies its key stakeholder groups and determines 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 Committee is governed by its terms of reference which have been approved by the Board and plays 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, performance of the business and to 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 Constitution allows 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 year from 1 January 2015 to 31 December 2015 ("**FY2015**"), 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**
Dr John Chen Seow Phun	3	3	2	2[(1)]	1	1[(1)]	1	1[(1)]
Zheng Fengwen	3	3	2	1[(1)]	1	1[(1)]	1	1[(1)]
Lee Tong Soon	3	3	2	2[(1)]	1	1[(1)]	1	1[(1)]
Kok Nyong Patt	3	2	2	N/A	1	N/A	1	N/A
Chen Liping	3	3	2	2[(1)]	1	1[(1)]	1	1[(1)]
Hoon Tai Meng	3	3	2	2	1	1	1	1
Julia Kwok Yung Chu	3	3	2	2	1	1	1	1
Foo Der Rong	3	3	2	2	1	1	1	1
Jo-Anne Chang	3	3	2	1[(1)]	1	1[(1)]	1	1[(1)]

(1) Attended the meeting as an invitee.

The Board also communicates frequently through informal meetings and tele-conferences 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.

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 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 persons.

The independence of each Director is reviewed annually by the NC. In its deliberation as to the 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/her 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

Independent Directors also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Non-Executive Directors including the Independent Directors are encouraged to meet without the presence of the Management so as to facilitate a more effective check on Management.

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 are 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 7 to 9 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 oversee the business direction, long term strategic planning and the overall management and operations of the Group. Mr Zheng is also responsible for the Group's new financial leasing and property business. Mr Lee is responsible for the Group's F&B business, and together with Dr Chen, exercise 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 Secretaries) 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 CEO and Managing Director) 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;
- 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 particular; 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 it 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 comprises three (3) members, all of whom 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/her 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) identifying and recommending the Directors who are retiring by rotation and to be put forward for re-election at each annual general meeting ("**AGM**");

(g) 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;

(h) 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

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

The Board and the NC do 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 members 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, the NC sets 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 Constitution provides as follows:-

Regulation 107 provides that at the AGM in every year one-third (1/3) 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 (1/3), shall retire from office, Provided Always that all Directors (except the Managing Director) shall retire from office at least once every three (3) years.

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

Regulation 117 provides that any Director so appointed at any time shall hold office only until the next AGM of the Company, and shall be eligible for re-election.

The Directors retiring by rotation pursuant to Regulation 107 of the Company's Constitution at the forthcoming AGM are Dr Chen, Ms Kwok and Mr Hoon Tai Meng. The NC has reviewed the performance and level of contribution of each retiring Director and the NC recommended the re-election of all three (3) of them at the forthcoming AGM to be held on 28 April 2016. The Board concurred with the NC and accepted the recommendation of the re-election of the three (3) retiring Directors. The retiring Directors will be offering themselves for re-election, save for Ms Kwok who had indicated that she would not seek re-election at the forthcoming AGM for personal reasons.

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

The NC had reviewed the multiple listed company 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 listed company 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 listed company 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 listed companies. Accordingly, it is not necessary at this stage to set a maximum limit on the number of listed company 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 pages 78 to 82 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 NC has decided, that the Directors will not be evaluated individually but factors taken into consideration for the re-nomination are the extent of their attendance, participation and contribution in the proceedings of the meetings.

The Board's 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/her 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 Committees 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 18 March 2016)	848,300 Shares (as set out in page 97 of the AR) Dr Chen is also deemed to be interested in 22,252,725 Shares held by Unigold Asia Limited and 62,500 Shares held by his spouse.
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 Up for re-election at the AGM to be held on 28 April 2016.
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 JLM Foundation Ltd
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	Nil

Name of Director	Zheng Fengwen
Shareholding in the Company (as at 18 March 2016)	100,000,000 Shares (as set out in page 97 of the AR)
Board Committees Served	None
Date of first appointment as director	27 March 2014
Date of last re-election as director	22 April 2015
Present Directorships in other listed companies and other principal commitments	Pavillon Business Development (Shanghai) Co., Ltd. Pavillon Financial Leasing Co., Ltd Sunlead Evergrowing Capital Co. Limited Tianjin Pavillon Assets Management Co., Ltd.
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 Hui Bang Investment Co., Ltd

Name of Director	Lee Tong Soon
Shareholding in the Company (as at 18 March 2016)	23,528,226 Shares (as set out on page 97 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 Regulation 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 Pavillon 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. Thai Village (China) Pte. Ltd. Shanghai Thai Village Restaurant Management Co., Ltd Thai Village Restaurant (Shanghai) Co., Ltd

Name of Director	Kok Nyong Patt
Shareholding in the Company (as at 18 March 2016)	25,027,725 Shares (as set out on page 97 of the AR)
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re-election as director	22 April 2015
Present Directorships in other listed companies and other principal commitments	Thai Village Restaurant Pte Ltd Thai Village Overseas Ventures Pte 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. Thai Village (China) Pte Ltd Shanghai Thai Village Restaurant Management Co., Ltd Thai Village Restaurant (Shanghai) Co., Ltd

Name of Director	Chen Liping
Shareholding in the Company (as at 18 March 2016)	1,300,000 Shares (as set out in page 97 of the AR)
Board Committees Served	None
Date of first appointment as director	27 March 2014
Date of last re-election as director	22 April 2015
Present Directorships in other listed companies and other principal commitments	Pavillon Business Development (Shanghai) Co., Ltd. Pavillon Financial Leasing Co., Ltd LPY Holdings Pte Ltd Innovative Corporation 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. Environ Lab & Tech (Asia) Pte Ltd Treasureway Foundation Pte Ltd

Name of Director	Hoon Tai Meng
Shareholding in the Company (as at 18 March 2016)	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 Up for re-election at the AGM to be held on 28 April 2016.
Present Directorships in other listed companies and other principal commitments	Chip Eng Seng Corporation Ltd CES Building & Construction 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 Property Investment Pte. Ltd. CEL Residential Development Pte. Ltd. CEL Property (M) 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	Ardille Pte. Ltd. ACP Metal Finishing 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 Grange Properties Pte. Ltd. PH Properties Pte Ltd

Name of Director	Julia Kwok Yung Chu
Shareholding in the Company (as at 18 March 2016)	55,000 Shares (as set out in page 97 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 Up for re-election at the AGM to be held on 28 April 2016.
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) Pte Ltd Newgen Software Technologies Pte Ltd YGH Investment Pte Ltd Neuro-monitoring Service Asia Pte Ltd
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	Asia Pacific Digital Services Philippines PL

Name of Director	Foo Der Rong
Shareholding in the Company (as at 18 March 2016)	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 April 2015
Present Directorships in other listed companies and other principal commitments	Southern Lion Sdn Bhd
Past Directorships in other listed companies (within the last 3 years) and other principal commitments	INTRACO Limited 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.

Name of Director	Jo-Anne Chang
Shareholding in the Company (as at 18 March 2016)	Ms Jo-Anne Chang is deemed to be interested in 40,000,000 Shares held by Rossbay Private Limited. (as set out in page 97 of the AR)
Board Committees Served	None
Date of first appointment as director	1 September 2014
Date of last re-election as director	22 April 2015
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. Heeren Straits Hotel 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 provide 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 requirements of the Companies Act and the Listing Manual of the SGX-ST ("**Listing Manual**"), 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 personnel.

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/her 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 of 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 key management personnel 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 contracts of services, to ensure that such contracts of services 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.

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 Managing Director, Mr Lee and the Executive Director, Mr Kok Nyong Patt ("**Mr Kok**") have renewed their service agreements with the Company in March 2016. The service agreements cover a period of three (3) years and have been reviewed by the RC. The Board concurred with the RC and approved the renewal of the service agreements at the Board meeting held on 22 February 2016.

According to the respective service agreements of the Executive Directors, namely Mr Lee and Mr Kok:-

(a) the term of service has been renewed for a further period of three (3) years and is subject to review thereafter;

(b) the remuneration include, amongst 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 FY2015 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**	%
Chen Seow Phun, John	Salary	–	Salary Salary	–	Salary Salary	55
	Fees	–	Fees	–	Fees	8
	Bonus	–	Bonus	–	Bonus	5
	Other benefits	–	Other benefits	–	Other benefits	32
Zheng Fengwen	Salary	–	Salary	–	Salary	66
	Fees	–	Fees	–	Fees	9
	Bonus	–	Bonus	–	Bonus	6
	Other benefits	–	Other benefits	—	Other benefits	19
Lee Tong Soon	Salary	–	Salary	–	Salary	66
	Fees	–	Fees	–	Fees	9
	Bonus	–	Bonus	–	Bonus	5
	Other benefits	–	Other benefits	–	Other benefits	20
Kok Nyong Patt	Salary	–	Salary	–	Salary	65
	Fees	–	Fees	–	Fees	10
	Bonus	–	Bonus	–	Bonus	4
	Other benefits	–	Other benefits	–	Other benefits	21
Chen Liping	Salary	–	Salary	72	Salary	–
	Fees	–	Fees	16	Fees	–
	Bonus	–	Bonus	6	Bonus	–
	Other benefits	–	Other benefits	6	Other benefits	–
Hoon Tai Meng	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–
Julia Kwok Yung Chu	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–
Foo Der Rong	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–
Jo–Anne Chang	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–

Key management personnel

Name	Below S$250,000	
		%
Oh Kok Thai	Salary	79
	Bonus	6
	Other benefits	15
Hau Ee Boon	Salary	80
	Bonus	6
	Other benefits	14
Venetia Yong Chin Ching	Salary	79
	Bonus	6
	Other benefits	15
Zhang Peng	Salary	90
	Bonus	–
	Other benefits	10
Chiang Kian Ngee	Salary	82
	Bonus	4
	Other benefits	14

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.

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 FY2015.

The RC had recommended Directors' fees of S$423,000 for FY2016 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 FY2015 (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 representation 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 from the CEO, the Managing Director, the 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 comprises of members who have sufficient experience in finance, legal and business fields.

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 key management personnel to attend its meetings and has reasonable resources to enable it to perform its functions. The internal and external auditors have direct and unrestricted access to the Chairman of the AC and the Chairman of the Board.

In FY2015, the AC met at least twice a year and also held informal meetings and discussions with Management from time to time. Details of the members' attendance at AC meetings in FY2015 are provided in Section 1.1 of the AR.

The AC performed the following functions in FY2015:-

(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 FY2015, 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 FY2015, 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 FY2015 are set out on page [●] of this AR.

In July 2010, the Singapore Exchange Limited ("**SGX**") and Accounting and Corporate Regulatory Authority ("**ACRA**") launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

In addition, in October 2015, with the support from SGX and Singapore Institute of Directors, ACRA had introduced the "Audit Quality Indicators ("**AQIs**") Disclosure Framework to assist the ACs in evaluating the re-appointment of external auditors based on eight (8) quality markers that correlate closely with audit quality. Accordingly, the AC had evaluated the external auditors based on the eight (8) AQIs at engagement and/or firm-level.

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 FY2015.

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

For FY2015, 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 person transactions***

The AC has reviewed interested person transactions of the Group for FY2015 and reported its findings to the Board, if any. Please refer to page [●] of the AR for further details on the interested person transactions of the Group for FY2015.

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.

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 FY2015, 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 auditor, 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 Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary[1] may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting. 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 Listing Manual, 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.

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[1] A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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 employ any investor relations personnel, however, the Executive Directors and key management personnel are always available by email or telephone to answer questions 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 welcomes active shareholder participation at the general meeting. It believes that general meeting serves as an opportune forum for shareholders to meet the Board and key management personnel and to communicate their views. To facilitate attendance of shareholders at the general meeting, the 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 Secretaries prepare 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 shareholders 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 complied with Rule 1207(19) of the Listing Manual in relation to the best practices on dealings in the securities:-

(a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings by the Company and its officers in its securities;

(b) Officers of the Company did not deal in the Company's securities on short-term considerations; and

(c) The Company and its officers did not deal in the Company's shares (i) during the periods commencing one month before the announcement of the Company's half-yearly and full year financial statements, ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

Directors and key management personnel 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 CEO, 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 FY2015.

9. UTILIZATION OF PLACEMENT PROCEEDS

As at 4 February 2016, the Company has utilized the placement proceeds ("Proceeds") amounting to S$24,840,000 as follows:

Use of net Proceeds	**Amount Utilized (S$)**
Purchase of equipment	7,907,000
Capital injection into State Research Pavillion Financial Leasing Co., Ltd	4,318,500
Working capital for Pavillon Financial Leasing Co., Ltd – Operating Expenses	390,000
Total placement fund utilized to date	12,615,500
Balace of the Proceeds	**12,224,500**

The Company will continue to provide periodic announcement(s) on the utilization of the balance of the Proceeds as and when the Proceeds are materially deployed.

John Chen Seow Phun
Executive Chairman

STATISTICS
OF SHAREHOLDINGS

As at 18 March 2016

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	7	0.37	337	0.00
100 - 1,000	154	8.12	92,056	0.02
1,001 - 10,000	661	34.86	2,518,688	0.65
10,001 - 1,000,000	1,054	55.59	79,778,785	20.58
1,000,001 AND ABOVE	20	1.06	305,358,834	78.75
TOTAL	**1,896**	**100.00**	**387,748,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	100,030,000	25.80
2	ROSSBAY PRIVATE LIMITED	40,000,000	10.32
3	SINGAPORE ENTERPRISES PRIVATE LIMITED	38,700,000	9.98
4	TEO KIANG ANG	28,321,900	7.30
5	KOK NYONG PATT	25,027,725	6.45
6	LEE TONG SOON	23,528,226	6.07
7	UNIGOLD ASIA LIMITED	22,252,725	5.74
8	DBS NOMINEES (PRIVATE) LIMITED	5,359,300	1.38
9	BANK OF SINGAPORE NOMINEES PTE LTD	3,044,500	0.79
10	TEO KOK LEONG	2,852,000	0.74
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,361,750	0.61
12	PHILLIP SECURITIES PTE LTD	2,048,750	0.53
13	ANG YU SENG	1,960,000	0.51
14	UOB KAY HIAN PRIVATE LIMITED	1,788,750	0.46
15	POH WAI LEONG (PAN WEILIANG)	1,553,000	0.40
16	LEE SZE KIAN	1,548,900	0.40
17	CHUA YEW CHYE	1,400,000	0.36
18	CHEN LIPING	1,300,000	0.34
19	HL BANK NOMINEES (SINGAPORE) PTE LTD	1,269,000	0.33
20	OCBC SECURITIES PRIVATE LIMITED	1,012,308	0.26
	TOTAL	**305,358,834**	**78.77**

SHAREHOLDING INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2016

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Citibank Nominees Singapore Pte Ltd	100,030,000	25.80	–	–
Sunlead Evergrowing Capital Co. Limited (1)	–	–	100,000,000	25.79
Xu Cai Kui (2)	–	–	100,000,000	25.79
Zheng Fengwen (3)	–	–	100,000,000	25.79
Rossbay Private Limited	40,000,000	10.32	–	–
Heng Chin Ngor Doris (4)	–	–	40,000,000	10.32
Jo-Anne Chang (5)	–	–	40,000,000	10.32
Singapore Enterprises Private Limited	38,700,000	9.98	–	–
Teo Kiang Ang	28,321,900	7.30	–	–
Kok Nyong Patt	25,027,725	6.45	–	–
Lee Tong Soon (6)	23,528,226	6.07	12,500	0.01
Unigold Asia Limited	22,252,725	5.74	–	–
John Chen Seow Phun (7)	848,300	0.07	22,315,225	5.76

Notes:-

(1) Sunlead Evergrowing Capital Co. Limited is the beneficial owner of 100,000,000 shares held by Citibank Nominees Singapore Pte Ltd.

(2) Mdm Xu Cai Kui is deemed to be interested in 100,000,000 shares in the capital of the Company which are held by Sunlead Evergrowing Capital Co. Limited pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore by virtue of her being a shareholder of Sunlead Evergrowing Capital Co. Limited.

(3) Mr Zheng Fengwen is deemed be interested in 100,000,000 shares in the capital of the Company held by Sunlead Evergrowing Capital Co., Limited, which is deemed to be interested by his spouse, Mdm Xu Cai Kui.

(4) 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.

(5) 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.

(6) 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, Mdm Lim Teck Eng.

(7) 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, Mdm Lim Kok Huang.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2016

RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

As at 18 March 2016, approximately 27.76% 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

PAVILLON HOLDINGS LTD.

(Company Registration No. 199905141N)
(Incorporated in Singapore)

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 Thursday, 28 April 2016 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Statement by Directors and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon.

(Resolution 1)

2. To approve the payment of Directors' fees of S$423,000 for the financial year ending 31 December 2016, with payment to be made in arrears. (2015 (15-months): S$587,500)

(Resolution 2)

3. To re-elect Dr John Chen Seow Phun who retire pursuant to Regulation 107 of the Constitution of the Company.

(Resolution 3)

[See Explanatory Note (i)]

4. To re-elect Mr Hoon Tai Meng who retire pursuant to Regulation 107 of the Constitution of the Company.

(Resolution 4)

[See Explanatory Note (ii)]

5. To note the retirement of Ms Julia Kwok Yung Chu as a Director of the Company.

6. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 5)

7. 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:

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

That the Directors of the Company be authorised and empowered pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") to issue shares and convertible securities in the Company upon such terms and conditions and for such purposes and to such persons and with such rights or restrictions as the Directors of the Company 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 shareholders of the Company shall not exceed twenty per cent (20%) of the total issued share capital (excluding treasury shares) of the Company and that unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. For the purposes of this resolution, the percentage of the total issued share capital (excluding treasury shares) of the Company shall be based on the total issued share capital (excluding treasury shares) of the Company at the time of the passing of this resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities or from exercising employee share options or vesting of share awards which are 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 SGX-ST; and

(b) any subsequent bonus issue, consolidation or subdivision of shares.

(Resolution 6)

[See Explanatory Note (iii)]

BY ORDER OF THE BOARD

Chew Kok Liang
Wong Chuen Shya (Huang Chunxia)
Company Secretaries

Singapore, 13 April 2016

Explanatory Notes:

(i) Dr John Chen Seow Phun will, upon re-election as Director of the Company, remain as Executive Chairman and will be considered non-independent.

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

(iii) The Ordinary Resolution 6 in item 8 above, if passed, will empower the Directors of the Company from the date of the meeting effective until the conclusion of the next Annual General Meeting of the Company to issue shares and convertible securities in the Company up to a number not exceeding, in total 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 of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)

3. 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.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

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

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PAVILLON HOLDINGS LTD.
Company Registration No. 199905141N
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ... (Name) .... (NRIC/Passport No.)

of..

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, 28 April 2016 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.

No.	Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*
1	Audited Financial Statements for the financial year ended 31 December 2015		
2	Approval of Directors' fees amounting to S$423,000 for the financial year ending 31 December 2016, with payment to be made in arrears.		
3	Re-election of Dr John Chen Seow Phun as a Director		
4	Re-election of Mr Hoon Tai Meng as a Director		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors and authority to Directors to fix remuneration		
6	Authority to issue shares		

**If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this .... day of 2016

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. Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 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 (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, 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.

6. 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 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized 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 authorized. 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.

8. A corporation which is a member may authorize 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, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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 13 April 2016.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

FRANCHISE RESTAURANTS

CHINA (中国加盟店)

Shanghai 上海
国定东路237号 (金储广场北侧)
电话: (86) 21-55221717

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

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

Pavillon Holdings Limited
Company Registration No.199905141N

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