ANNUAL REPORT 2014

三盅兩件

SOUP
RESTAURANT

红头巾
Samsui Lady
Chinatown Singapore

CONTENTS

CORPORATE PROFILE

Founded in 1991, Soup Restaurant Group Limited has its humble beginnings as a niche restaurant in Chinatown focusing mainly on herbal soups and home-cooked dishes served at affordable prices.

Today, the Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and operates a portfolio of well-known food and beverage brands. The Group currently has 19 restaurant outlets in Singapore and Malaysia as well as 3 franchised outlets in Indonesia.

OUR BRANDS

SOUP RESTAURANT

Our mainstay Soup Restaurant outlets serve our customers traditional iconic dishes when a trip to the local restaurant was a treat for the whole family to enjoy.

At Soup Restaurant, the unique Chinatown Heritage Cuisine has been preserved for our customers' palate. Special dishes like Samsui Ginger Chicken, steamed minced pork and herbal soups, remind our customers of the tasty, nutritious meals that have bonded Chinese families through the generations.

Our concept is home-style and family oriented. Our logo, the Samsui Lady, symbolises the values that inspired our cooking – tradition, resilience and family ties.

The Samsui Lady was among the pioneers who built modern Singapore. In the 1920s to 1940s, she immigrated to Singapore from southern China in search of employment. With her trademark red-clothed headgear, she became the quintessential construction worker of that period, laying bricks with her bare hands, carrying building materials over her shoulders and clearing debris. Everyday, she looked forward to her daily ritual of a simple, nutritious meal with her sisters from her hometown. During Chinese New Year, they gathered to indulge in their favourite food – chicken cooked with ginger.

An icon of Chinatown known for her strength of character and resilience, the Samsui lady leaves behind a heritage of unspoken simplicity and humility and her legacy is a big part of our history. Her spirit is interwoven into the fabric of our brand as we enliven her heritage with our repertoire of simple, nutritious home-style food that kept her healthy and strong for the hard labour that awaited her each day.

At Soup Restaurant, our culture is also steeped in our philosophy of reunion. We want everybody's reunion with their loved ones to be moments they can cherish every day.

CAFE O

The dining experience at CAFE O is a showcase of Singapore's unique coffee shop culture where locals can find comfort and familiarity – think "kopi O, teh tarik, and roti prata."

Our specially-designed signage underscores this cultural legacy. Depicted in the four official languages of Singapore, it embodies the equal standing and harmonious relationship that all races enjoy in Singapore. This tribute to Singapore's multi-racial culture sets CAFE O apart from other brands in the market.

CAFE O's design concept reinterprets the atmosphere and dining experience of traditional local coffee shops. Customers can enjoy "kopi-siew-tai" and half-boiled eggs while seated on timber chairs or 1950's-style formica benches over a tiled mosaic floor. True to CAFE O's multi-racial focus, metal grill handrails in our cafes are decorated with motifs inspired by Chinese, Malay, Indian and Eurasian heritage and traditions. Pendant lamps in a variety of forms and colours add to the effect of being in a cultural melting pot. Old picture frames, as well as photos of Singaporean families and their day-to-day activities, are displayed for customers to soak in the nostalgic atmosphere and relive the good old days.

CAFE O has adopted blue as its brand colour – our salute to the kopi uncles who used to wear blue-striped pyjama pants to work. The familiar blue-striped apron on CAFE O's staff, made from the original same fabric, signifies the continuation of Singapore's coffee shop tradition.

CAFE O's design concept pays tribute to Singapore's unique multi-racial culture, and more importantly, provides a truly Singaporean dining experience for all to enjoy.

POT LUCK

POT LUCK is a new restaurant concept that offers affordable and home-style "zichar dishes in claypots" prepared on the spot over charcoal fires in a nostalgic old Chinatown setting that will bring you back to 1960s Singapore.

Within the rustic ambience of POT LUCK, against a backdrop of vintage black and white movies, an eclectic collection of pots, pans and cooking utensils of that era and formica chairs and tables, you'll also be served by Ali, our "Satay Man", Ah Huat, our "Rickshaw Boy", Ah Fong, our "Samsui Lady", Tao Jie, our "Mah Jie" and Muthu, our "Kacang Puteh Man" for an authentic back alley Chinatown experience!

OUR FOOTPRINTS

SINGAPORE

SOUP RESTAURANT

Causeway Point
1 Woodlands Square
#05-11
Causeway Point
Singapore 738099

Century Square
2 Tampines Central 5
#B1-01/12/13
Century Square
Singapore 529509

Changi Airport T2
Singapore Changi
Airport Terminal 2
#036-086
Viewing Mall North
Singapore 819643

Clementi Mall
3155 Commonwealth
Avenue West
#03-62/63
The Clementi Mall
Singapore 129588

Compass Point
1 Sengkang Square
#03-16/17
Compass Point
Shopping Centre
Singapore 545078

Hougang Mall
90 Hougang Avenue 10
#02-21
Hougang Mall
Singapore 538766

IMM Building
2 Jurong East Street 21
#01-101B
IMM Building
Singapore 609601

Jurong Point
1 Jurong West Central 2
#02-33
Jurong Point Shopping
Centre
Singapore 648886

nex
23 Serangoon Central
#02-15/16
nex
Singapore 556083

Paragon
290 Orchard Road
#B1-07
Paragon
Singapore 238859

Suntec City
3 Temasek Boulevard
#B1-122
Suntec City Mall
Singapore 038983

Hersing Hub
450 Lorong 6 Toa Payoh
#01-10
Hersing Hub
Singapore 319394

United Square
101 Thomson Road
#B1-10/66/67
United Square
Singapore 307591

VivoCity
1 HarbourFront Walk
#02-141
VivoCity
Singapore 098585

CAFE O

IMM Building
2 Jurong East Street 21
#01-101
IMM Building
Singapore 609601

Woodlands XChange
30 Woodlands Avenue 2
#01-38/39/40
Woodlands XChange
Singapore 738343

POT LUCK

IMM Building
2 Jurong East Street 21
#01-101A
IMM Building
Singapore 609601

MALAYSIA

SOUP RESTAURANT

1 Utama
Lot G210A Ground Floor
1 Utama Shopping
Center
1 Lebuh Bandar Utama
Petaling Jaya 47800
Selangor Darul Ehsan
Malaysia

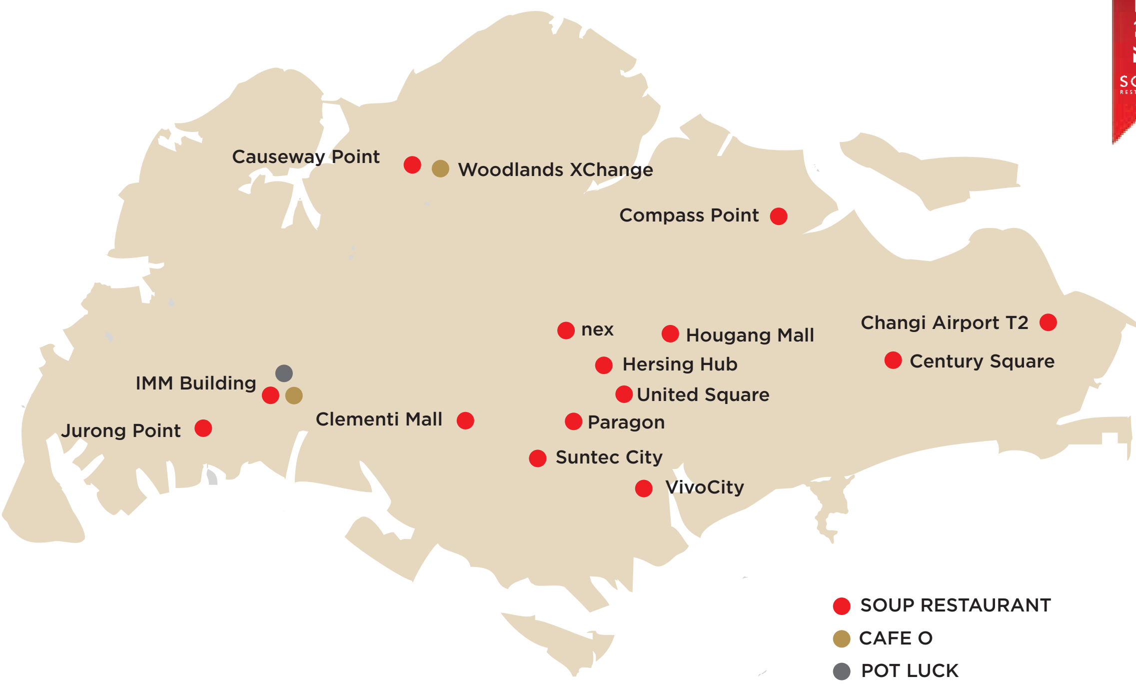
Jaya Shopping Center
Level 3 #L3-12
Jaya Shopping Center
Jalan Semangat
Seksyen 14
Petaling Jaya 46100
Selangor Darul Ehsan
Malaysia

INDONESIA*

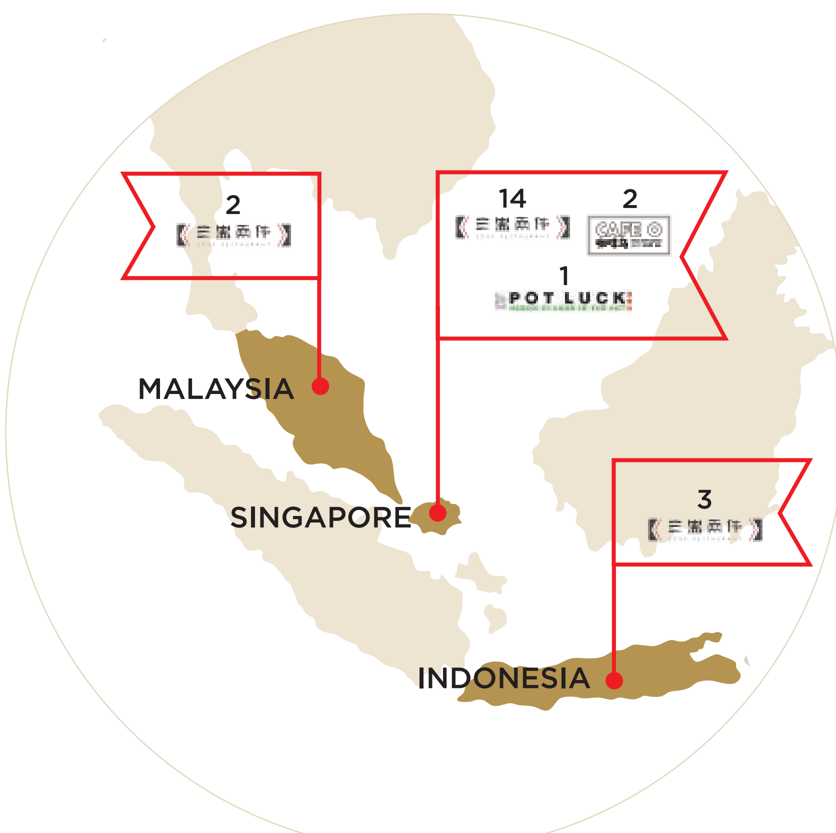
SOUP RESTAURANT

- Plaza Indonesia
- PX Pavilion
- Senayan City

* Franchised outlets



Locations of outlets in Singapore



Number of outlets for each brand

CORPORATE SOCIAL RESPONSIBILITY

As part of our corporate social responsibility efforts, the Group participated in several events organised by charities to help raise awareness and funds for the beneficiaries of these organisations.

During these events, we leveraged on our expertise as a food and beverage operator to sponsor healthy and nutritious meals for the elderly and the intellectually disabled. These meals were specially created and prepared by staff volunteers from our food processing facility.

The charities we visited during the year were Ren Ci Community Hospital, Kwong Wai Shiu Hospital, Movement for the Intellectually Disabled of Singapore (MINDS), Thye Hua Kwan Moral Charities and SunShine Welfare Action Mission.

At the MINDS event on 4 December 2014, our staff decorated Christmas stockings and made rainbow looms together with the beneficiaries. The rainbow looms and other goodies made by MINDS beneficiaries were put into the decorated stockings and given to 6,000 children and young adults from disadvantaged backgrounds all over Singapore. It was an enriching and unforgettable experience for our staff to share the joy of Christmas with the beneficiaries.

We participated in the #GivingTuesdaySG Campaign 2014. The campaign is part of a global movement to encourage people to give and is coordinated by the National Volunteer and Philanthropy Centre. Through this initiative called the "Makan Project" which involved individual and corporate sponsors, the Group pledged to serve 30,000 healthy and nutritious meals to under-privileged groups.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Professor Cham Tao Soon

Members
Mok Yip Peng
Wong Chi Keong
Wong Wei Teck
Then Khek Koon
Chua Koh Ming
Saw Meng Tee

AUDIT COMMITTEE

Chairman
Professor Cham Tao Soon

Members
Chua Koh Ming
Saw Meng Tee

NOMINATING COMMITTEE

Chairman
Chua Koh Ming

Members
Professor Cham Tao Soon
Saw Meng Tee
Mok Yip Peng

REMUNERATION COMMITTEE

Chairman
Saw Meng Tee

Members
Professor Cham Tao Soon
Chua Koh Ming

COMPANY SECRETARY

Toh Yen Sang

REGISTERED OFFICE

150 Kampong Ampat
#04-01 KA Centre
Singapore 368324
Tel: +65 6222 4668
Fax: +65 6222 4667
Email: email@souprestaurant.com.sg
Website: www.souprestaurant.com.sg

SHARE REGISTRAR

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

AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road #05-01
Singapore 058267

Audit Partner-in-charge
William Ng Wee Liang
(First appointed for the financial year ended 31 December 2013)

CORPORATE STRUCTURE

SOUP RESTAURANT GROUP LIMITED

- (100%) POT LUCK F & B SINGAPORE PTE. LTD.
- (100%) SOUP RESTAURANT SINGAPORE PTE. LTD.
- (100%) CAFE O SINGAPORE PTE. LTD.
- (100%) SOUP RESTAURANT INVESTMENTS PTE. LTD.
  - (100%) SRG F & B MALAYSIA SDN. BHD.
- (100%) SAMSUI HOLDINGS PTE. LTD.
  - (100%) SURE FOOD PTE. LTD.
  - (100%) SAMSUI SUPPLIES & SERVICES PTE. LTD.

FINANCIAL HIGHLIGHTS

	2014	2013	2012
REVENUE AND PROFITABILITY ($'000)			
Revenue	39,495	38,020	35,258
Profit before income tax	981	776	617
Profit attributable to owners of the Company	911	467	4,233
FINANCIAL POSITION ($'000)			
Current assets	13,637	14,695	20,329
Current liabilities	5,398	5,179	5,088
Total assets	17,668	19,590	24,318
Total liabilities	5,700	5,416	5,332
Total equity	11,968	14,174	18,986
Cash and cash equivalents	9,125	10,948	16,496
PER SHARE (CENTS)			
Earnings per share(1)	0.32	0.16	0.10
Net asset value per share(2)	4.19	4.89	6.36
Dividend per share			
– Special	–	–	0.80
– Interim	–	–	0.35
– Final	0.75	0.75	0.35

Remarks:

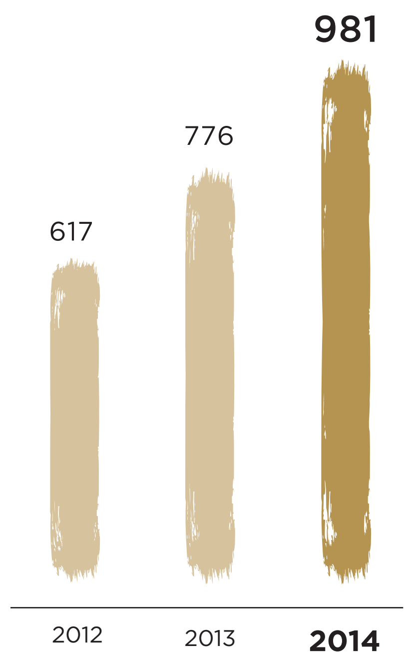
(1) Based on weighted average number of ordinary shares for the financial year

(2) Based on total number of issued shares as at the end of the financial year (excluding treasury shares)

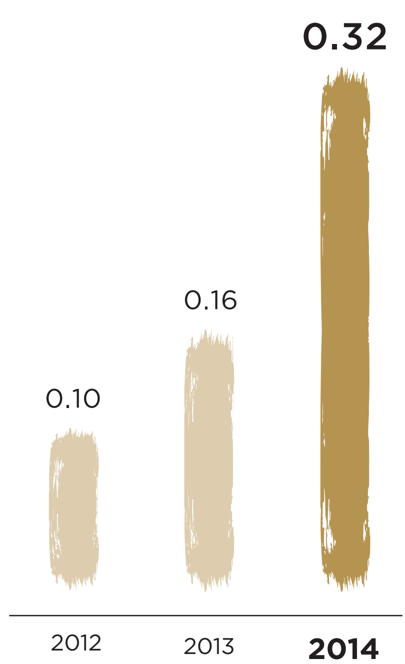
FINANCIAL HIGHLIGHTS

REVENUE ($'000)

PROFIT BEFORE TAX ($'000)



EARNING PER SHARE (CENTS)



CHAIRMAN'S MESSAGE

Dear Shareholders,

The Group's business continued to improve for the financial year ended 31 December 2014 ("FY14") despite an increasingly challenging environment for the food and beverage ("F&B") industry in Singapore. The Group grew its sales and we stepped up our efforts to control operating costs and enhance the casual dining experience at our restaurants. To grow our customer base, we introduced a wider range of food options on our menu. Our efforts to introduce variety to our menu and maintain the quality of our food have paid off in the form of increased revenue from existing outlets.

During the year under review, we worked on refining the CAFE O concept, which was launched in 2013 to provide comfort food similar to that found in traditional Singapore coffee shops. We are pleased to report that the two outlets are now making good progress and we will be considering expansion should opportunities arise. The other new concept restaurant, POT LUCK which is targeting the halal market, is still being fine-tuned as we gather more feedback from our customers.

Our flagship Soup Restaurant, which has carved out a strong niche in the F&B industry, is also constantly being refreshed with new dishes to keep our customers coming back. At VivoCity branch, we introduced a range of local dim sum dishes called "Nanyang Delights".

To maintain our presence and strengthen the Soup Restaurant brand, we have refreshed our iconic logo, which featured a Samsui woman in her traditional red headscarf and blue blouse, with a new tagline underscoring her eponymous label. Our new logo enhances her iconic position and the Group's heritage. Since Soup Restaurant started in 1990s with its popular signature Samsui Ginger Chicken dish – named after the hard-working women who immigrated from Southern China between the 1920s and 1940s to work in the construction industry and who had the dish during their Chinese New Year reunion dinner – we have been associated with the Samsui woman.

We expanded our food processing and distribution business which is in line with our strategy to boost productivity and reduce overheads as well as widen the distribution network for our fast-moving consumer goods ("FMCG") business. We now distribute our own brand of sauces, including the signature Samsui Ginger Sauce, in NTUC supermarkets, Cold Storage and Isetan supermarkets.

In November 2014, the Singapore High Court ruled in our favour in our litigation with Y.E.S F&B Group Pte Ltd ("YES"). The Court held that the sub-lease granted by Soup Restaurant Singapore Pte Ltd to YES was terminated on 18 October 2012 and that the latter was in wrongful possession of the sub-leased area. YES is appealing against the decision.

As a socially responsible company, we continue to give back to the community in which we operate through our Corporate Social Responsibility ("CSR") initiatives. Last year, we focused our CSR efforts on serving the elderly and the intellectually disabled with healthy and nutritious meals. These meals were specially created and prepared by staff volunteers from our food processing facility. The charities our staff visited during the year were Ren Ci Community Hospital, Kwong Wai Shiu Hospital, Movement for the Intellectually Disabled of Singapore, Thye Hua Kwan Moral Charities and SunShine Welfare Action Mission. We also participated in the #GivingTuesdaySG Campaign 2014 and aimed to serve 30,000 healthy and nutritious meals to under-privileged groups. I would like to take this opportunity to thank our staff for giving so generously their time and efforts towards our CSR programme.

Business Review

I am pleased to announce that for FY14, the Group achieved a 3.9% increase in revenue to $39.5 million compared with $38.0 million in the previous year. The increase was mainly from new outlets which had commenced operations between 2013 and 2014 as well as from improved sales from existing outlets. In addition to this, the Group also saw improvement in its FMCG business where revenue increased by 78.4% to $0.7 million.

Employee benefits expenses increased by 8.5% to $14.3 million as a result of wage revisions and an increase in part-time workers. The sharp increase is a reflection of the continued acute labour shortage in the F&B industry in Singapore, aggravated by the government's policy to curb foreign labour inflows.

Profit before tax rose 26.4% to $1.0 million as efforts to control costs bore fruit. Net profit after tax was $0.9 million against $0.5 million previously reported.

Dividends

The Board of Directors has proposed a final dividend of 0.75 cents per share for FY14, unchanged from FY13 to reward our loyal shareholders.

Outlook

The operating environment in Singapore's F&B industry is expected to remain challenging due to intense competition, tight labour supply and rising business costs. We will focus on keeping our prices reasonable, introduce interesting and tasty new dishes and enhance our customer service to stay competitive. We will also explore opportunities to expand outside our home market.

Appreciation

On behalf of the entire Board of Directors, I would like to convey our heartfelt thanks to our shareholders for your support and confidence in the Group. I would also like to thank our customers, suppliers and business associates for their steadfast support throughout the years. Last but not least, I wish to extend my appreciation to my fellow Directors for their guidance and wise counsel and to management and staff for their dedication and hard work. We look forward to another better year ahead.

PROFESSOR CHAM TAO SOON
Non-Executive Chairman
30 March 2015

OPERATING AND FINANCIAL REVIEW

Revenue and Profitability

Group revenue for the financial year ended 31 December 2014 ("FY14") grew to $39.5 million, representing a 3.9% increase against $38.0 million last year ("FY13"). This was mainly attributed to the additional revenue contributions from five new outlets which started operations in 2013 and 2014 as well as improved revenue from the existing outlets amounting to $1.6 million. The increase in revenue was partially offset by the loss of revenue from the closure of two outlets when their leases expired during the first half year of 2013. Revenue from FMCG business also increased by 78.4% to $0.7 million.

Other income increased by $0.2 million or 38.3% to $0.6 million due to the government grant of $0.1 million received for the Wage Credit Scheme and Special Employment Credit and $0.1 million for the Capability Development Grant.

Purchases and other consumables recorded an increase of $0.4 million or 4.2% to $9.2 million, which were in tandem with higher revenue generated by the Group. In terms of percentage of revenue, purchases and other consumables were maintained at 23.3% of revenue as a result of the Group's efforts to contain food costs through alternative sourcing of raw materials and bulk purchasing.

Employee benefits expenses rose by $1.1 million or 8.5% to $14.3 million as a result of wage revisions and an increase in casual workers to meet operational expansion. This increase was also in line with the prevailing labour market conditions whereby the demand for workers in the food and beverages sector was high due to more competitors entering the market and further tightening of foreign workers policy by the government.

Depreciation and amortisation expenses remained fairly flat at $1.6 million, owing to the additions of plant and equipment acquired during the year which were in turn offset by full depreciation of some fixed assets in certain outlets.

Other operating expenses registered a slight increase of 0.3% to $14.0 million in FY14. These increases arose mainly from the increase in operating lease expenses of $0.4 million and utilities of $0.1 million in tandem with the improved revenue, partially offset by decreases in advertising expenses of $0.3 million and professional fees of $0.1 million.

In line with the above, the Group's profit before tax rose by 26.4% to $1.0 million, an increase of $0.2 million as compared to $0.8 million in FY13. Income tax expense for FY14 dropped by 77.3% to $0.1 million, arising from a prior year adjustment of $0.2 million income tax over-provided for. As a result, the Group reported a 95.1% increase in profit after income tax of $0.9 million, compared to $0.5 million in the previous year.

Earnings per share based on weighted average number of ordinary shares for FY14 doubled to 0.32 cents per share, compared to 0.16 cents per share in FY13.

Financial and Cash Flow Position

Non-current assets decreased by $0.9 million from $4.9 million as at 31 December 2013 ("FY13") to $4.0 million as at 31 December 2014 ("FY14"), mainly due to the depreciation of plant and equipment amounting to $1.6 million, partially offset by additions of plant and equipment of $0.8 million.

Current assets decreased by $1.1 million from $14.7 million as at FY13 to $13.6 million as at FY14 mainly due to decrease of $1.8 million in cash and cash equivalents attributable mainly to payment of final dividend of $2.1 million and the share buyback of $1.0 million, partially offset by an increase in trade and other receivables of $0.6 million.

Current liabilities increased by $0.2 million from $5.2 million as at FY13 to $5.4 million as at FY14. This was caused by the increase in trade and other payables of $0.4 million mainly from outstanding payments to contractors for renovation of an existing outlet offset by the decrease in current income tax payable of $0.2 million due mainly to over provision of income tax in prior years.

Non-current liabilities rose slightly to $0.3 million as at FY14 due to higher deferred tax liabilities for the financial year.

Total equity decreased by $2.2 million from $14.2 million as at FY13 to $12.0 million as at FY14, attributable mainly to the payment of final dividend. Treasury shares were higher at $2.8 million as a result of share buybacks of $1.0 million during the year. The Group's net asset value per share stood at 4.19 cents as at FY14 compared to 4.89 cents as at FY13.

The Group generated a positive cash flow from operating activities of $1.9 million with higher profit before tax for the financial year. Net cash used in investing activities decreased by $1.9 million as at FY14 mainly due to the lower capital expenditures on plant and equipment for the outlets during the year. Net cash used in financing activities dropped to $3.1 million largely attributable to the lower payment of dividends of $2.2 million and the purchase of treasury shares of $1.0 million. As a result, cash and cash equivalents fell by $1.8 million to $9.1 million as at FY14 as compared to $10.9 million in FY13.

BOARD OF DIRECTORS

PROFESSOR CHAM TAO SOON
(Non-Executive Chairman and Independent Director)

Professor Cham was appointed as Non-Executive Chairman on 1 August 2012. He is also the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. He has more than 30 years of experience in the academia sector and is currently the Special Advisor to SIM Governing Council. He also sits on the board of public listed and private companies, including NSL Ltd and Fundedbyme Asia Pacific Pte Ltd.

Professor Cham holds a Bachelor of Engineering (Civil, Honours) from the University of Malaya, a Bachelor of Science (Mathematics, Honours) from the University of London and a Doctorate of Philosophy (Fluid Mechanics) from University of Cambridge.

MOK YIP PENG
(Managing Director)

Mr Mok, a co-founder of the Company, has been with the Company since its incorporation in 1991. He is involved in the management and strategic planning of the Group and oversees the operations of the food and beverages outlets. He is also a member of the Nominating Committee. Prior to founding the Company, Mr Mok was involved in engineering consultancy and design review with several companies, including Ove Arup and Partners, Mass Rapid Transit Corporation and E3 Consulting Engineers.

Mr Mok holds a Bachelor in Civil Engineering from the National University of Singapore.

WONG CHI KEONG
(Executive Director)

Mr Wong, a co-founder of the Company, was appointed as Executive Director on 15 June 2011. He oversees the brand development, marketing, public relations, design and project management, as well as upgrading and maintenance of the restaurant outlets.

Mr Wong holds a Master of Science (Civil Engineering) and a Master of Business Administration.

WONG WEI TECK
(Executive Director)

Mr Wong, a co-founder of the Company, has been appointed as Executive Director since 2000. He oversees the corporate administration, human resource and information technology infrastructures of the Group. He is also spearheading the Group's Corporate Social Responsibility initiatives. Prior to joining the Group, he was working as an engineer with several companies, including Mass Rapid Transit Corporation and Taylor Woodrow PLC construction group.

Mr Wong holds a Bachelor in Civil Engineering from the National University of Singapore and a Professional Engineer of the Singapore Professional Engineers Board.

THEN KHEK KOON

(Executive Director)

Mr Then was appointed as Non-Executive Director on 19 September 2004 and was re-designated to Executive Director on 1 January 2012. He oversees the corporate and business development of the Group. Under the Samsui line of companies, Mr Then oversees the food processing business and the procurement of food and services. Mr Then has over 20 years of experience in the petroleum industry and is currently on the board of several companies.

Mr Then holds a Bachelor of Mechanical Engineering from the University of Singapore.

CHUA KOH MING

(Independent Director)

Mr Chua was appointed as Independent Director on 23 March 2007. He is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He has extensive experience in the engineering field and has been providing his own consultancy services to the construction industry since 2006.

Mr Chua holds a Bachelor of Electrical Engineering from the National University of Singapore and is a registered Professional Engineer in practice.

SAW MENG TEE

(Independent Director)

Mr Saw was appointed as Independent Director on 23 March 2007. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He has vast experience in the audit and finance industry and serves on the board of several private companies. He is also a partner of a firm of Chartered Accountants which he established in 1999.

He holds a Bachelor of Accountancy from Nanyang Technological University and is a Fellow Chartered Accountant registered with the Institute of Singapore Chartered Accountants and a Fellow of the Insolvency Practitioners Association of Singapore.

KEY MANAGEMENT

TOH YEN SANG
(Chief Financial Officer)

Ms Toh was re-designated as Chief Financial Officer on 1 August 2012 and is overseeing the financial reporting functions of the Group. She is also the Company Secretary for the Company and its subsidiaries in Singapore. She had worked as Accountant in public-listed and private companies before joining the Group in 2003.

Ms Toh holds a Bachelor of Business Administration from the National University of Singapore and a Graduate Diploma in Human Resource Management from the Singapore Institute of Management. She has been a non-practising Chartered Accountant registered with the Institute of Singapore Chartered Accountants since 2004.

NG ENG CHYUAN
(Chief Operating Officer, F & B Brands)

Mr Ng re-joined the Company on 1 August 2012 as Acting General Manager, Sales and Operations and was re-designated as Chief Operating Officer, F & B Brands on 3 September 2013. He is responsible for the sales and operations of all restaurant businesses of the Group. He has over 15 years of experience in F & B operations, people and business development in various service industries. He had held several positions in the Company before he joined Sarika Connoisseur Café Pte Ltd in 2011.

He graduated from the Singapore Hotel Association Training and Education Centre and holds a Double Diploma in Enterprise Development by the International Professional Managers Association, UK. He also obtained a Master of Business Administration (Entrepreneurial Management) from Entrepreneurship Institute Australia, now known as Australian Institute of Business, in 2009.

SU DO KIN MENG
(General Manager, Malaysia)

Mr Su Do joined the Group as General Manager for its operations in Malaysia on 15 March 2012 and has been appointed as Director of the Company's subsidiary, SRG F & B Malaysia Sdn Bhd ("SRGM") since 1 August 2012. He is responsible for the business development of SRGM, including the setting up of new restaurant outlets in Malaysia. He had held various senior positions with more than 30 years of working experience in established multinational firms such as Caltex Oil Malaysia Ltd (Chevron), Agip Petroli SpA (Singapore) and Prima Group Malaysia.

Mr Su Do holds a Diploma in Marketing from Chartered Institute of Marketing, London.

CORPORATE GOVERNANCE REPORT

The Board of Directors of Soup Restaurant Group Limited (the "Company" and together with its subsidiaries, the "Group") is committed to maintaining a high standard of corporate governance to safeguard the interest of all its stakeholders.

This Report discloses the Company's corporate governance framework and practices with specific reference made to the principles of the Code of Corporate Governance 2012 ("CCG 2012") and explains any deviation from the Code.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The role of the Board is to:

(a) provide entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;

(e) set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues as part of its strategic formulation.

These functions are carried out either by the Board or through committees established by the Board, namely the Audit Committee, the Nominating Committee and the Remuneration Committee. The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide on matters within their respective written terms of reference. Each of the Board Committees has its own terms of reference setting out the scope of its duties and responsibilities, the rules and regulations and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board is scheduled to meet quarterly, with additional meetings convened as and when there are matters requiring the Board's decision at the relevant times. The scheduling of Board meetings in advance assists the Directors in planning for their attendance at these meetings. In addition, Article 120(2) of the Company's Articles of Association provides for telephonic and video-conferencing meetings.

CORPORATE GOVERNANCE REPORT

The attendance of the Directors at Board and Committee meetings as well as the frequency of such meetings held during the financial year ended 31 December 2014 are disclosed below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
	Number of Meetings Held			
	4	**4**	**1**	**3**
Name of Director	**Number of Meetings Attended**			
Professor Cham Tao Soon	4	4	1	3
Mok Yip Peng	4	–	1	–
Wong Chi Keong	4	–	–	–
Wong Wei Teck	4	–	–	–
Then Khek Koon	4	–	–	–
Chua Koh Ming	4	4	1	3
Saw Meng Tee	4	4	1	3

Matters that require the Board's approval include the following:

(a) approval of quarterly and full year results announcement;

(b) approval of annual report and financial statements;

(c) declaration of interim dividends and proposal of final dividends;

(d) approval of corporate strategies;

(e) authorization of major transactions, including but not limited to major investment or acquisition/disposal proposals;

(f) convening of shareholders' meetings; and

(g) any other matters as may be considered by the Board from time to time.

Incoming directors will be briefed by the Board to ensure that they are familiar with the Company's business and corporate governance practices. The Company encourages every newly appointed first-time directors to undergo appropriate training to familiarize themselves with the relevant laws and regulations in connection with the discharge of their duties. Directors are free to request sponsorship from the Company to attend courses to update their knowledge in the rapidly changing business and regulatory environment and to better equip themselves to discharge their duties as Directors. Directors are also provided with regular updates from time to time by professional advisors and the Management on new laws, regulations, listing requirements, governance practices, changes in accounting standards and business issues relevant to the performance of their duties and responsibilities as Directors.

All Directors had undergone appropriate training on the roles and responsibilities required of a listed company's directors.

Principle 2: Board Composition and Guidance

The Board comprises seven members as follows:

Professor Cham Tao Soon	(Non-Executive Chairman and Independent Director)
Mok Yip Peng	(Managing Director)
Wong Chi Keong	(Executive Director)
Wong Wei Teck	(Executive Director)
Then Khek Koon	(Executive Director)
Chua Koh Ming	(Independent Director)
Saw Meng Tee	(Independent Director)

CORPORATE GOVERNANCE REPORT

The Board, taking into account the views of the Nominating Committee, is of the opinion that Professor Cham Tao Soon, Mr Chua Koh Ming and Mr Saw Meng Tee are considered independent as they are independent in character and judgement, and there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment.

The appointment of three Independent Directors which make up more than one-third of the Board, provides a strong and independent element on the Board capable of exercising objective judgement on corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision making.

The Board is of the view that, given the scope and nature of the Group's operations, the present size of the Board is appropriate in facilitating effective decision making.

The Board is also satisfied that it comprises directors with a variety of skills, expertise and working experiences to provide core competencies such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge.

Principle 3: Chairman and Chief Executive Officer

The Board recognises that best practices of corporate governance advocate that the Chairman of the Board and the CEO should in principle be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

In view of the above, Professor Cham Tao Soon was appointed as the Non-Executive Chairman of the Board with effect from 1 August 2012. His duties as the Non-Executive Chairman includes:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board;

(d) ensuring that the directors receive complete, adequate and timely information;

(e) ensuring effective communication with shareholders;

(f) encouraging constructive relations within the Board and between the Board and Management;

(g) facilitating the effective contribution of non-executive directors in particular; and

(h) promoting high standards of corporate governance.

Principle 4: Board Membership

The Nominating Committee comprises a majority of independent directors, namely Mr Chua Koh Ming as Chairman, Professor Cham Tao Soon, Mr Saw Meng Tee and Mr Mok Yip Peng as members.

The Nominating Committee is responsible for:

(a) reviewing the board succession plans for directors, in particular, the Chairman and for the CEO;

(b) developing a process for evaluation of the performance of the Board, its board committees and directors;

(c) reviewing the training and professional development programs for the Board;

(d) the appointment and re-appointment of directors, including alternate directors if applicable;

(e) determining, at least on an annual basis, if a Director is independent;

(f) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company;

(g) reviewing regularly the Board structure, size and composition;

(h) recommending to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards; and

(i) assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board.

The Articles of Association of the Company provides that one third (or the number nearest to one third) of the directors are required to retire from office at each annual general meeting. Further, all the directors are required to retire from office at least once in every three years. The Managing Director is not subject to retirement by rotation as the Group's success is dependent on his experience and skills.

The search and nomination process for new Directors, if any, are through contacts and recommendations. The Nominating Committee will review and assess candidates before making recommendation to the Board. In recommending new Directors to the Board, the Nominating Committee takes into consideration the skills and experience required to support the Group's business activities or strategies, the current composition and size of the Board.

As part of the Board nomination process, the Nominating Committee will consider important issues such as the composition and progressive renewal of the Board as well as each Director's competencies, commitment, contribution and performance for the re-appointment of Directors.

The Nominating Committee takes into consideration whether a candidate has multiple directorships and whether these other directorships will constrain the candidate in setting aside sufficient time and attention to the Company's affairs.

Notwithstanding that some of the Directors have multiple board representations, the Nominating Committee is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. The academic and professional qualifications of and shareholdings held by the Directors in the Company and its subsidiaries (if any) are set out on pages 16, 17 and 31 respectively of this Annual Report.

CORPORATE GOVERNANCE REPORT

The date of first appointment and date of last re-election as Directors, present and past directorships over the past preceding three (3) years in other listed companies are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies
Professor Cham Tao Soon	14 May 2007	30 April 2014	NSL Ltd Singapore Press Holdings Limited *(Retired on 2 December 2014)* Far Eastern Bank Limited *(Retired on 25 April 2014)* United Overseas Bank Limited *(Retired on 25 April 2014)* MFS Technology Ltd *(Retired on 7 August 2013)* WBL Corporation Limited *(Retired on 10 January 2012)*
Mok Yip Peng	20 July 1991	–	None
Wong Chi Keong	15 June 2011	30 April 2014	None
Wong Wei Teck	20 July 1991	30 April 2014	None
Then Khek Koon	19 September 2004	29 April 2013	None
Chua Koh Ming	23 March 2007	27 April 2012	None
Saw Meng Tee	23 March 2007	29 April 2013	Eastgate Technology Ltd *(Resigned on 27 December 2012)*

The Nominating Committee has recommended to the Board that Mr Chua Koh Ming and Mr Saw Meng Tee be nominated for re-election and Professor Cham Tao Soon be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. In making the recommendation, the Nominating Committee has considered the Director's overall contributions and performance.

Each member of the Nominating Committee shall abstain from voting any resolutions in respect of his re-nomination as director.

Principle 5: Board Performance

The Board has implemented a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole on an annual basis. The Board is assessed collectively based on factors such as board composition, board information, board process, board accountability and standards of conduct.

The Board's performance is judged on the basis of effectiveness as a whole, rather than strict definitive financial performance criteria, as it would be difficult to apply specific financial performance criteria such as the Company's share price performance, to evaluate the Board.

The Board considers the current evaluation process of the Board's performance as adequate, having regard to the size and complexity of the Group's businesses. The Board is also satisfied that it has met its performance objectives for the year.

Principle 6: Access to Information

All directors shall have unrestricted access to the Company's records and information and independent access to the Company Secretary, the senior management and other employees of the Company. All directors will receive a regular supply of information from the management about the Group so as to enable them to carry out their duties. Detailed board papers are prepared for each meeting of the Board which contained sufficient information on the issues to be considered at Board meetings. The Directors, either individually or as a group, shall have the right to seek independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertaking in order to fulfil his role and responsibilities as a director.

The Company Secretary works closely with the Chairman in setting the agenda for board meetings. She attends all Board meetings and ensures that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flow within the Board and its Board Committees, and between Management and non-executive Directors. The appointment and removal of the Company Secretary is subject to the approval of the Board.

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee comprises entirely independent directors, namely Mr Saw Meng Tee as Chairman, Professor Cham Tao Soon and Mr Chua Koh Ming as members.

The Remuneration Committee oversees executive remuneration and development in the Company with the goal of building a capable and committed management team. The Remuneration Committee reviews and recommends to the Board a framework of remuneration for the Board and key management personnel, and determines specific remuneration packages for each Executive Director. The recommendations of the Remuneration Committee will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and awards and benefits-in-kind, shall be reviewed by the Remuneration Committee.

The Remuneration Committee also reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. Each member of the Remuneration Committee shall abstain from reviewing and approving his own remuneration and the remuneration package related to him.

Principle 8: Level and Mix Remuneration

The Remuneration Committee will review annually all aspects of remuneration, including directors' fees, salaries, allowances, bonuses and benefits-in-kind, to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Company's objectives and that the remuneration reflects employees' duties and responsibilities.

The Executive Directors do not receive directors' fees. The remuneration for the Executive Directors comprises a basic salary, an annual bonus equivalent to one month's basic salary and a variable performance bonus, based on the performance of the Group. The Independent Directors do not have any service agreements and will be paid a basic fee and additional fees for serving on any of the Committees. The Board recommends payment of such fees to be approved by shareholders as a lump sum payment at each Annual General Meeting of the Company.

CORPORATE GOVERNANCE REPORT

Principle 9: Disclosure on Remuneration

A breakdown, showing the level and mix of each director's remuneration for the year ended 31 December 2014 is as follows:

Name of Director	Salary(1) %	Bonuses %	Director's Fees(2) %	Total $'000
Mok Yip Peng	92	8	–	351
Wong Chi Keong	92	8	–	274
Wong Wei Teck	92	8	–	274
Then Khek Koon	92	8	–	271
Professor Cham Tao Soon	–	–	100	70
Chua Koh Ming	–	–	100	30
Saw Meng Tee	–	–	100	30

The summary of key management personnel's remuneration for the year ended 31 December 2014 is as follows:

Name of Key Management Personnel	Salary(1) %	Bonuses %	Total %
Below $250,000			
Toh Yen Sang(3)	90	10	100
Ng Eng Chyuan	91	9	100
Su Do Kin Meng	91	9	100

The Company has only three key management personnel who are not directors or CEO. The total remuneration paid to the above key management personnel was approximately $375,000.

Notes:

(1) Salary is inclusive of CPF contribution.

(2) Directors' fees are only payable after approval by shareholders at annual general meeting.

(3) Toh Yen Sang is the sister-in-law of Mok Yip Peng, Managing Director.

During the financial year under review, there was one employee of the Company, Ms Tan Kim Lian Jasmine, who is the spouse of Mr Then Khek Koon, Executive Director, whose annual remuneration exceeded $50,000 during the year. Her remuneration received during the year was between $150,000 and $200,000.

Saved as disclosed, no other employee of the Company and its subsidiaries is an immediate family member of a Director or the CEO of the Company, and whose remuneration exceeds S$50,000 during the year.

Soup Restaurant Performance Share Plan

The Company has adopted a performance share plan known as Soup Restaurant Performance Share Plan (the "Plan") approved by shareholders of the Company on 22 July 2013. The purpose of adopting the Plan is to give the Company greater flexibility to align the interests of employees with the interests of shareholders of the Company.

Full-time employees (excluding controlling shareholders) whose employment have been confirmed and hold such rank as may be designated by the committee, comprising of Mr Mok Yip Peng, Mr Wong Wei Teck, Mr Wong Chi Keong and Mr Then Khek Koon (the "Committee") appointed by the Board to administer the Plan, are eligible to participate in the Plan. These employees will be awarded fully paid shares free-of-charge upon them achieving prescribed performance targets.

The Remuneration Committee reviews the proposal made by the Committee and submits its recommendations to the Board for endorsement.

No awards had been made under the Plan during the financial year under review.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board recognises its responsibility to provide a balanced and understandable assessment of the Company's performance, position and prospects and takes adequate steps to ensure compliance with legislative and regulatory requirements.

The Board reports to the shareholders at each general meeting while the management of the Company is accountable to the Board. The Company announces its quarterly and full year results and makes disclosure of other relevant information of the Company to the SGX-ST and the public via SGXNET as required by the SGX-ST listing manual ("Listing Manual").

To enable effective monitoring and decision-making by the Board, the management provides the Board with a continual flow of relevant information on a timely basis as well as quarterly management accounts of the Group. Detailed board papers are prepared and circulated for each meeting of the Board and Board Committees which contained sufficient information on the issues to be considered at these meetings.

Principle 11: Risk Management and Internal Controls

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The Audit Committee, together with the Board, reviewed the adequacy and effectiveness of the Group's risk management and internal control systems put in place to address the key financial, operational, compliance and information technology risks affecting the operations on an annual basis with the assistance of internal auditors.

The Board of directors is of the view that based on the reports from internal and external auditors and with the concurrence from the Audit Committee, the system of risk management and internal controls maintained by the management is adequate to meet the needs of the Company having addressed the financial, operational, compliance and information technology risks. While acknowledging their responsibilities for the system of internal controls, the Board of directors is aware that such a system is designed to manage, rather than eliminate risks and therefore cannot provide an absolute assurance in this regard, or absolute assurance against occurrence of material errors, losses, poor judgement in decision making, human errors, fraud or other irregularities.

The Board has also received assurance from the Executive Directors and the Chief Financial Officer that (i) the financial records have been properly maintained and the financial statements provide a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems in place are effective to manage risks.

Principle 12: Audit Committee

The Audit Committee comprises entirely independent directors, namely Professor Cham Tao Soon as Chairman, Mr Chua Koh Ming and Mr Saw Meng Tee as members.

The Audit Committee performs the following functions:

(a) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

CORPORATE GOVERNANCE REPORT

(b) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls;

(c) review the effectiveness of the Group's internal audit function;

(d) review the scope and results of the external audit as well as the independence and objectivity of the external auditors;

(e) recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;

(f) discuss problems and concerns, if any, arising from the interim and final audits in consultation with the external and internal auditors where necessary;

(g) meet with the external and internal auditors without the presence of the management annually to discuss any problems and concerns they may have;

(h) approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

(i) ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience;

(j) review the internal audit programme and ensure co-ordination between the internal and external auditors and the management;

(k) review the adequacy of the Group's internal controls as set out in the CCG 2012;

(l) review the co-operation given by the Company's officers to the external auditors;

(m) review and approve interested person transactions, if any; and

(n) undertake such reviews and projects as may be requested by the Board or statute or the Listing Manual.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Company's operating results and financial position.

BDO LLP has been appointed as the external auditors of the Company and its Singapore incorporated subsidiaries, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number of and experience of supervisory and professional staff assigned to the particular audit. BDO LLP is registered with the Accounting and Corporate Regulatory Authority of Singapore.

BDO Malaysia has been appointed as the external auditors of the Company's overseas subsidiary, SRG F & B Malaysia Sdn Bhd. Both BDO LLP and BDO Malaysia are members of BDO International Limited. Accordingly, the Company complied with Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that the provision of such services does not affect the independence of the external auditors. A breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year is set out on page 70 of this Annual Report.

The external auditors have also provided a confirmation of their independence to the Audit Committee. Accordingly, the Audit Committee has recommended the re-appointment of BDO LLP as Auditors of the Company at the forthcoming Annual General Meeting.

The Company has in place a whistle-blowing policy in which staff of the Company may raise concerns about possible improprieties in matters of financial reporting or other matters and procedures for raising such concerns are also communicated to the staff of the Company.

Principle 13: Internal Audit

The Company had appointed Ernst & Young Advisory Pte Ltd as internal auditors to carry out the review of the internal control systems of the Group whereby the internal auditors reported their findings to the Audit Committee periodically and worked with the external auditors.

Material non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof are reported to the Audit Committee as part of the review of the Group's internal control system. To ensure the adequacy of the internal audit function, the Audit Committee reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring of the implementation of the improvements required on internal control weaknesses identified.

The Audit Committee has reviewed and is satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company announces its quarterly and full year results and any material and price-sensitive information to the public via SGXNET on a timely basis. All shareholders of the Company will receive the annual report of the Company and the notice of the annual general meeting at least 14 days before the meeting. All announcements, including the Annual Report, are also available on the Company's website. Shareholders can also assess the Company's website for more information and updates on the Company's business and developments.

Article 90(2) of the Company's Articles of Association allows a member of the Company to appoint up to two proxies to attend and vote instead of the member. Also, separate resolutions for each distinct issue are tabled for shareholders' approval at general meetings.

At general meetings, shareholders are given opportunities to voice their views and direct their questions to Directors or management regarding the Company. The chairpersons of the Audit, Nominating and Remuneration Committees and the external auditors will be present to address and assist the Directors in addressing queries raised by the shareholders. The Company Secretary will also be available to advise shareholders on the rules, including voting procedures that govern these general meetings.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT
[Listing Manual Rule 1207(4)(b)(iv)]

The Company does not have a Risk Management Committee. However, the Board of Directors will regularly review the Group's business and operating activities and the business environment to identify areas of significant business risks and recommend appropriate measures which will control or mitigate these risks.

MATERIAL CONTRACTS
[Listing Manual Rule 1207(8)]

There is no material contract entered into by the Company and its subsidiaries involving the interests of the CEO, Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS
[Listing Manual Rule 1207(17) & (18)]

The Company has implemented a set of procedures for the identification of interested persons and the recording of interested person transactions to be reviewed by the Audit Committee. The main objective is to ensure that all interested person transactions are conducted on arm's length basis and on normal commercial terms and will not be prejudicial to the shareholders. The Company monitors all its interested person transactions which are subject to review by the Audit Committee on a quarterly basis, if any.

The Board of Directors will ensure that all disclosure requirements on interested person transactions, including those required by Rule 907 of the Listing Manual, are complied with. In addition, such transactions will also be subject to shareholders' approval, if required under Chapter 9 of the Listing Manual.

There was no transaction with interested persons during the financial year ended 31 December 2014 that exceeded the stipulated threshold as specified in Chapter 9 of the Listing Manual.

DEALINGS IN SECURITIES
[Listing Manual Rule 1207(19)]

The Company has put in place an internal code on dealings in securities which provides guidance and internal regulation with regard to dealings in the Company's securities by its directors and officers. Directors and officers who are in possession of price-sensitive information which is not publicly available shall not deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one month before the announcement of the Company's full year financial statements. In addition, the directors and officers are discouraged from dealing in the Company's securities on short term considerations.

REPORT OF THE DIRECTORS

The Directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014, the statement of financial position of the Company as at 31 December 2014 and the statement of changes in equity of the Company for the financial year ended 31 December 2014.

1. Directors

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

Professor Cham Tao Soon
Mok Yip Peng
Wong Chi Keong
Wong Wei Teck
Then Khek Koon
Chua Koh Ming
Saw Meng Tee

2. Arrangements to enable Directors to acquire shares or debentures

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

3. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), particulars of interests of the Directors of the Company who held office at the end of the financial year in shares or debentures of the Company or its related corporations are as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1.1.2014	Balance as at 31.12.2014	Balance as at 1.1.2014	Balance as at 31.12.2014
The Company	**Number of ordinary shares**			
Professor Cham Tao Soon	300,000	300,000	200,000	200,000
Mok Yip Peng	65,543,600	65,543,600	–	–
Wong Chi Keong	48,952,300	48,952,300	–	–
Wong Wei Teck	41,091,900	41,091,900	–	–
Then Khek Koon	–	–	28,945,000	28,945,000
Chua Koh Ming	300,000	300,000	–	–
Saw Meng Tee	300,000	300,000	–	–

By virtue of Section 7 of the Act, Mok Yip Peng is deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 January 2015 in the shares of the Company have not changed from those disclosed as at 31 December 2014.

REPORT OF THE DIRECTORS

4. Directors' contractual benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

6. Performance shares

The Company has implemented an employee share award scheme known as the "Soup Restaurant Performance Share Plan" (the "Share Plan"), whereby a participant is conferred with the rights to be issued or transferred fully-paid shares free-of-charge (the "Award"). The Share Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 22 July 2013. The Share Plan is administered by a committee appointed by the Board of Directors comprising of Mok Yip Peng, Wong Wei Teck, Wong Chi Keong and Then Khek Koon (the "Committee").

The Share Plan applies to full-time employees (excluding controlling shareholders) whose employment have been confirmed and hold such rank as may be designated by the Committee are eligible to participate in the Share Plan. Mok Yip Peng and Wong Chi Keong, who are Executive Directors and Controlling Shareholders, as well as the Non-Executive Directors, are not eligible to participate in the Share Plan.

There was no Award granted by the Company or its subsidiaries, in respect of the Share Plan during the financial year.

7. Audit Committee

The Audit Committee at the date of this report comprises the following members, all of whom are Independent Directors:

Professor Cham Tao Soon (Chairman)
Chua Koh Ming
Saw Meng Tee

The Audit Committee performs the functions specified in Section 201B(5) of the Act, the Singapore Exchange ("SGX") Listing Manual and the Code of Corporate Governance.

In performing its functions, the Audit Committee met with the Company's external and internal auditors to review the audit plans and overall scope of examination by the internal and external auditors and the reports of the internal auditors' examination and evaluation of the Group's systems of internal accounting control.

REPORT OF THE DIRECTORS

7. Audit Committee (Continued)

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company prior to their submission to the Directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);
- the re-appointment of the external auditor of the Company; and
- the quarterly and annual announcements as well as the related press releases on the results and financial position of the Group and the Company.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting. The Audit Committee has carried out an annual review of non-audit services provided by the external auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor.

8. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Mok Yip Peng
Director

Wong Wei Teck
Director

Singapore
30 March 2015

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

On behalf of the Board of Directors

Mok Yip Peng
Director

Wong Wei Teck
Director

Singapore
30 March 2015

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF SOUP RESTAURANT GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Soup Restaurant Group Limited (the “Company”) and its subsidiaries (the “Group”) as set out on pages 36 to 80, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

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 judgement, 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 statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUP RESTAURANT GROUP LIMITED

Report on Other Legal and Regulatory Requirements

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
30 March 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014 $	2013 $	2014 $	2013 $
Non-current assets					
Plant and equipment	4	3,903,794	4,736,186	222,066	343,657
Investments in subsidiaries	5	–	–	1,600,002	1,700,002
Intangible assets	6	127,338	158,466	115,910	158,466
Total non-current assets		4,031,132	4,894,652	1,937,978	2,202,125
Current assets					
Inventories	7	164,566	90,429	–	–
Trade and other receivables	8	4,214,234	3,656,610	2,393,568	2,843,751
Current income tax recoverable		133,902	–	–	–
Cash and cash equivalents	9	9,124,743	10,948,429	6,510,722	6,683,669
Total current assets		13,637,445	14,695,468	8,904,290	9,527,420
Less:					
Current liabilities					
Trade and other payables	10	4,538,057	4,163,529	1,193,140	1,841,578
Provisions	11	733,838	678,548	38,095	36,281
Current income tax payable		126,205	337,387	11,900	23,588
Total current liabilities		5,398,100	5,179,464	1,243,135	1,901,447
Net current assets		8,239,345	9,516,004	7,661,155	7,625,973
Less:					
Non-current liabilities					
Deferred tax liabilities	12	302,039	236,941	40,000	16,200
Net assets		11,968,438	14,173,715	9,559,133	9,811,898
Equity					
Share capital	13	6,592,761	6,592,761	6,592,761	6,592,761
Treasury shares	14	(2,821,081)	(1,854,979)	(2,821,081)	(1,854,979)
Translation reserve	15	(4,129)	(4,692)	–	–
Accumulated profits		8,200,887	9,440,625	5,787,453	5,074,116
Total equity		11,968,438	14,173,715	9,559,133	9,811,898

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group	
	Note	**2014**	**2013**
		$	**$**
Revenue	16	39,495,244	38,019,652
Other items of income			
Interest income		10,162	12,571
Other income	17	559,957	405,345
Items of expense			
Changes in inventories		74,137	(9,663)
Purchases and other consumables		(9,216,031)	(8,841,163)
Employee benefits expense	18	(14,314,750)	(13,194,490)
Depreciation and amortisation expenses		(1,644,970)	(1,670,832)
Other expenses		(13,967,108)	(13,923,810)
Finance costs	19	(15,589)	(21,322)
Profit before income tax	20	981,052	776,288
Income tax expense	21	(69,482)	(309,170)
Profit for the financial year attributable to owners of the Company		911,570	467,118
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operation		563	7,839
Other comprehensive income for the financial year		563	7,839
Total comprehensive income for the financial year attributable to owners of the Company		912,133	474,957
Earnings per share attributable to owners of the Company (cents)			
Basic and diluted	22	0.32	0.16

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Equity attributable to owners of the Company				
	Note	**Share capital $**	**Treasury shares $**	**Translation reserve $**	**Accumulated profits $**	**Total equity $**
Group						
Balance as at 1.1.2014		6,592,761	(1,854,979)	(4,692)	9,440,625	14,173,715
Profit for the financial year		–	–	–	911,570	911,570
Other comprehensive income for the financial year						
Exchange difference on translating foreign operation		–	–	563	–	563
Total comprehensive income for the financial year		–	–	563	911,570	912,133
Distributions to owners						
Dividends	23	–	–	–	(2,151,308)	(2,151,308)
Purchase of treasury shares	14	–	(966,102)	–	–	(966,102)
		–	(966,102)	–	(2,151,308)	(3,117,410)
Balance as at 31.12.2014		6,592,761	(2,821,081)	(4,129)	8,200,887	11,968,438
Balance as at 1.1.2013		6,592,761	–	(12,531)	12,406,257	18,986,487
Profit for the financial year		–	–	–	467,118	467,118
Other comprehensive income for the financial year						
Exchange difference on translating foreign operation		–	–	7,839	–	7,839
Total comprehensive income for the financial year		–	–	7,839	467,118	474,957
Distributions to owners						
Dividends	23	–	–	–	(3,432,750)	(3,432,750)
Purchase of treasury shares	14	–	(1,854,979)	–	–	(1,854,979)
		–	(1,854,979)	–	(3,432,750)	(5,287,729)
Balance as at 31.12.2013		6,592,761	(1,854,979)	(4,692)	9,440,625	14,173,715

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital $	Treasury shares $	Accumulated profits $	Total equity $
Company					
Balance as at 1.1.2014		6,592,761	(1,854,979)	5,074,116	9,811,898
Profit for the financial year, representing total comprehensive income for the financial year		–	–	2,864,645	2,864,645
Distributions to owners					
Dividends	23	–	–	(2,151,308)	(2,151,308)
Purchase of treasury shares	14	–	(966,102)	–	(966,102)
		–	(966,102)	(2,151,308)	(3,117,410)
Balance as at 31.12.2014		6,592,761	(2,821,081)	5,787,453	9,559,133
Balance as at 1.1.2013		6,592,761	–	7,528,491	14,121,252
Profit for the financial year, representing total comprehensive income for the financial year		–	–	978,375	978,375
Distributions to owners					
Dividends	23	–	–	(3,432,750)	(3,432,750)
Purchase of treasury shares	14	–	(1,854,979)	–	(1,854,979)
		–	(1,854,979)	(3,432,750)	(5,287,729)
Balance as at 31.12.2013		6,592,761	(1,854,979)	5,074,116	9,811,898

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group	
	2014	**2013**
	$	**$**
Cash flows from operating activities		
Profit before income tax	981,052	776,288
Adjustments for:		
Amortisation of intangible assets	61,204	24,498
Amortisation of discount on provision	15,589	21,322
Depreciation of plant and equipment	1,583,766	1,646,334
Interest income	(10,162)	(12,571)
Gain on disposal of plant and equipment	(9,275)	(5,550)
Loss on disposal of plant and equipment	–	36,233
Plant and equipment written off	22,097	75,745
Provision for unutilised leave	(59,115)	53,440
Unrealised foreign exchange loss	13,107	10,079
Operating cash flow before working capital changes	2,598,263	2,625,818
Working capital changes:		
Inventories	(74,137)	9,663
Trade and other receivables	(557,624)	76,088
Trade and other payables	278,008	(185,060)
Cash generated from operations	2,244,510	2,526,509
Income taxes paid	(349,468)	(310,088)
Interest received	10,162	12,571
Net cash from operating activities	1,905,204	2,228,992
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	9,275	10,910
Purchase of plant and equipment	(590,679)	(2,326,426)
Purchase of intangible assets	(30,076)	(173,526)
Net cash used in investing activities	(611,480)	(2,489,042)
Cash flows from financing activities		
Dividends paid	(2,151,308)	(3,432,750)
Purchase of treasury shares	(966,102)	(1,854,979)
Net cash used in financing activities	(3,117,410)	(5,287,729)
Net change in cash and cash equivalents	(1,823,686)	(5,547,779)
Cash and cash equivalents as at the beginning of the financial year	10,948,429	16,496,208
Cash and cash equivalents as at the end of the financial year (Note 9)	9,124,743	10,948,429

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

The statement of financial position and statement of changes in equity of Soup Restaurant Group Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2014 were authorised for issue in accordance with a Directors' resolution dated 30 March 2015.

The Company is a public company limited by shares, incorporated and domiciled in Singapore with its registered office and principal place of business at 150 Kampong Ampat, #04-01 KA Centre, Singapore 368324. The Company's registration number is 199103597Z. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS") including the related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$"), which is the functional and presentation currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in conformity with FRS requires the management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised FRS and INT FRS did not result in changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	Disclosure Initiative	1 January 2016
FRS 16 and FRS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2017
Improvements to FRSs (January 2014)		1 July 2014
Improvements to FRSs (February 2014)		1 July 2014
Improvements to FRSs (November 2014)		1 January 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods will have no material impact on the financial statements of the Group in the period of their initial adoption except as disclosed below.

FRS 109 – Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 – Financial Instruments (Continued)

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, particularly the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indication for the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the plant and equipment when it is probable that the future economic benefits, in excess of the standard of performance of the plant and equipment before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

NOTES
TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.3 Plant and equipment (Continued)

Depreciation is calculated on the straight-line method so as to allocate the depreciable amount of the plant and equipment over their estimated useful lives as follows:

	Years
Air-conditioners	6
Computers	3
Electrical equipment	6
Furniture and fittings	6
Kitchen equipment	6
Machinery	10
Motor vehicles	6
Office equipment	6
Renovation	3 - 4

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4 Intangible assets

Trademarks

Trademarks are capitalised and stated at cost less accumulated amortisation and accumulated impairment loss, if any, which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of registration for its intended use. Costs associated with maintaining the trademarks are recognised as an expense as incurred. The costs are amortised to profit or loss using the straight-line method over the estimated useful life of 10 years.

Computer software licenses

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original costs of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

2. Summary of significant accounting policies (Continued)

2.5 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a “first-in, first-out” method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. The damaged, obsolete and slow-moving items are to be written down to the lower of cost and net realisable value.

2.7 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the nature and purpose for which the assets were acquired. The management determines the classification of their financial assets at initial recognition.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.7 Financial assets (Continued)

Loans and receivables (Continued)

The loans and receivables in the statements of financial position comprise trade and other receivables (excluding prepayments and GST receivables) and cash and cash equivalents.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Impairment

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. Summary of significant accounting policies (Continued)

2.8 Financial liabilities

The Group classifies its financial liabilities as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables (excluding deferred government grant, GST payable and accrued unutilised annual leave) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument in accordance to the substance of the contractual arrangements.

Financial liabilities are derecognised when, and only when, the contractual obligations have been discharged, cancelled or they expire.

The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and is recognised in accordance to the substance of the contractual arrangements. Ordinary shares are classified as equity instruments and are recorded at the proceeds received, net of direct issue costs.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

When the treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in a capital reserve of the Company.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in provision due to the passage of time is recognised in profit or loss as finance costs.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and fixed deposits with banks which are subject to insignificant risk of changes in value.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of business. Revenue is presented, net of returns, rebates and discounts and sales related taxes. Group's revenue is in respect of external transactions only.

Revenue from sale of food and beverage products

Revenue from operation of restaurants is recognised upon the billing of food and beverage products to customers.

Revenue from the processing, distribution and procurement of food and beverage products is recognised when the significant risks and rewards of ownership of the products have been transferred to the buyer upon passage of title to the customers, which generally coincides with their delivery and acceptance, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Royalty fee

Royalty fee is recognised on accruals basis in accordance with the substance of the relevant agreement. Royalty arrangements are based on sales and are recognised by reference to the underlying arrangement.

2. Summary of significant accounting policies (Continued)

2.13 Revenue recognition (Continued)

Interest income

Interest income is recognised on a time-proportion basis in profit or loss using the effective interest method.

Franchise fee

Master franchise fee is recognised upon the grant of rights, completion of the designated phases of the franchise setup and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. Unit franchise fee is recognised when the right to receive payment has been established, which generally coincides with the commencement of operations of each restaurant.

2.14 Employee benefits expense

Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and Malaysia Employee Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plans.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated undiscounted liability for unutilised annual leave expected to be settled wholly within 12 months from the end of the financial year as a result of services rendered by employees up to the end of the financial year.

Performance shares

The Group has implemented the Performance Share Plan for awarding of fully-paid ordinary shares to the Group's senior executives and key senior management, when and after pre-determined performance conditions are accomplished.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to the share-based payment reserve, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period with a corresponding adjustment to the share-based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.15 Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Grants in recognition of specific expenses are recognised in profit or loss over the period necessary to match them with the relevant expenses they are intended to compensate.

2.16 Leases

When the Group and the Company are the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Contingent rents are recognised as an expense in profit or loss in the financial year in which they are incurred.

2.17 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

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.

2. Summary of significant accounting policies (Continued)

2.17 Taxes (Continued)

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity.

Sales tax

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

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.18 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the translation reserve.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.20 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.

2. Summary of significant accounting policies (Continued)

2.20 Contingencies (Continued)

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.

Contingencies are not recognised on the statement of position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the managing director who make strategic decisions for the Group.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

3.1 Critical judgements made in applying the accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates as disclosed in Note 3.2 below) that have a significant effect on the amounts recognised in the financial statements.

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 financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses, within the next financial year, are discussed below.

Depreciation of plant and equipment

The plant and equipment are depreciated on a straight-line method over their useful lives. The management estimates the useful lives of plant and equipment to be within 3 to 10 years. The carrying amounts of the Group’s and the Company’s plant and equipment as at 31 December 2014 were $3,903,794 (2013: $4,736,186) and $222,066 (2013: $343,657) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the plant and equipment, which could then consequentially impact future depreciation charges.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Allowance for impairment of trade and other receivables

The Management establishes allowance for impairment of receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the Management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables (excluding prepayments) as at 31 December 2014 were $4,152,389 (2013: $3,552,185) and $2,363,973 (2013: $2,815,210) respectively.

Income tax expense

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises receivables and liabilities on expected tax issues based on their best estimates of the likely taxes recoverable and due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and the Company's current income tax positions as at 31 December 2014 were income tax recoverable of $133,902 (2013: Nil) and tax payable of $126,205 (2013: $337,387) and tax payable of $11,900 (2013: $23,588) respectively. The carrying amounts of the Group's and the Company's deferred tax liabilities as at 31 December 2014 were $302,039 (2013: $236,941) and $40,000 (2013: $16,200) respectively.

Impairment of investments in subsidiaries

The Company follows the guidance of FRS 36: Impairment of Assets in determining the indications of impairment of investments in subsidiaries.

At the end of each financial year, an assessment is made on whether there is objective evidence that indicates that the investments in subsidiaries are impaired. Where there is an indication of impairment, the management then assesses the recoverable amount by estimating the value-in-use using cash flows for a period of 5 years. The carrying amount of investments in subsidiaries as at 31 December 2014 was $1,600,002 (2013: $1,700,002).

4. Plant and equipment

	Air-conditioners $	Computers $	Electrical equipment $	Furniture and fittings $	Kitchen equipment $	Machinery $	Motor vehicles $	Office equipment $	Renovation $	Total $
Group										
Cost										
Balance as at 1.1.2014	927,540	336,513	938,787	1,816,701	1,982,815	229,620	167,371	99,997	3,785,509	10,284,853
Additions	71,430	19,076	36,468	83,641	144,443	4,000	–	18,730	408,227	786,015
Disposals	–	–	–	–	–	–	(49,000)	–	–	(49,000)
Written off	(18,857)	(4,807)	(4,048)	(47,289)	(186,074)	(10,019)	–	(14,372)	(15,350)	(300,816)
Exchange differences	(1,005)	(350)	(892)	(2,247)	(5,182)	–	–	(74)	(11,032)	(20,782)
Balance as at 31.12.2014	979,108	350,432	970,315	1,850,806	1,936,002	223,601	118,371	104,281	4,167,354	10,700,270
Accumulated depreciation										
Balance as at 1.1.2014	438,905	255,551	409,998	874,482	920,365	49,427	78,063	42,758	2,479,118	5,548,667
Depreciation	127,443	52,111	134,339	271,581	278,203	23,279	23,817	15,213	657,780	1,583,766
Disposals	–	–	–	–	–	–	(49,000)	–	–	(49,000)
Written off	(18,857)	(4,807)	(2,788)	(42,170)	(177,259)	(3,116)	–	(14,372)	(15,350)	(278,719)
Exchange differences	(553)	(166)	(433)	(856)	(1,174)	–	–	(17)	(5,039)	(8,238)
Balance as at 31.12.2014	546,938	302,689	541,116	1,103,037	1,020,135	69,590	52,880	43,582	3,116,509	6,796,476
Net carrying amount										
Balance as at 31.12.2014	432,170	47,743	429,199	747,769	915,867	154,011	65,491	60,699	1,050,845	3,903,794

4. Plant and equipment (Continued)

	Air-conditioners $	Computers $	Electrical equipment $	Furniture and fittings $	Kitchen equipment $	Machinery $	Motor vehicles $	Office equipment $	Renovation $	Total $
Group										
Cost										
Balance as at 1.1.2013	822,122	308,548	719,480	1,582,753	1,607,925	239,990	223,539	75,540	3,294,523	8,874,420
Additions	212,062	42,891	303,665	363,805	576,848	–	28,011	26,455	976,986	2,530,723
Disposals	–	–	–	(350)	(163,070)	(10,370)	(67,979)	–	–	(241,769)
Written off	(105,626)	(14,788)	(83,571)	(128,069)	(37,126)	–	(16,200)	(1,978)	(482,469)	(869,827)
Exchange differences	(1,018)	(138)	(787)	(1,438)	(1,762)	–	–	(20)	(3,531)	(8,694)
Balance as at 31.12.2013	927,540	336,513	938,787	1,816,701	1,982,815	229,620	167,371	99,997	3,785,509	10,284,853
Accumulated depreciation										
Balance as at 1.1.2013	404,807	202,116	348,502	741,800	803,248	27,817	140,213	32,581	2,193,463	4,894,547
Depreciation	119,607	66,873	127,297	250,800	258,552	21,969	22,029	12,161	767,046	1,646,334
Disposals	–	–	–	(29)	(123,309)	(359)	(67,979)	–	–	(191,676)
Written off	(85,104)	(13,361)	(65,493)	(117,520)	(17,450)	–	(16,200)	(1,978)	(476,976)	(794,082)
Exchange differences	(405)	(77)	(308)	(569)	(676)	–	–	(6)	(4,415)	(6,456)
Balance as at 31.12.2013	438,905	255,551	409,998	874,482	920,365	49,427	78,063	42,758	2,479,118	5,548,667
Net carrying amount										
Balance as at 31.12.2013	488,635	80,962	528,789	942,219	1,062,450	180,193	89,308	57,239	1,306,391	4,736,186

4. Plant and equipment (Continued)

	Air-conditioners $	Computers $	Electrical equipment $	Furniture and fittings $	Motor vehicles $	Office equipment $	Renovation $	Total $
Company								
Cost								
Balance as at 1.1.2014	68,600	232,299	77,903	165,386	77,011	55,237	94,938	771,374
Additions	–	4,202	–	–	–	6,959	–	11,161
Disposals	–	–	–	–	(49,000)	–	–	(49,000)
Written off	–	(4,807)	–	(288)	–	–	–	(5,095)
Balance as at 31.12.2014	68,600	231,694	77,903	165,098	28,011	62,196	94,938	728,440
Accumulated depreciation								
Balance as at 1.1.2014	28,583	171,282	28,397	65,659	54,364	22,230	57,202	427,717
Depreciation	11,433	37,687	12,985	27,541	7,152	9,089	26,721	132,608
Disposals	–	–	–	–	(49,000)	–	–	(49,000)
Written off	–	(4,807)	–	(144)	–	–	–	(4,951)
Balance as at 31.12.2014	40,016	204,162	41,382	93,056	12,516	31,319	83,923	506,374
Net carrying amount								
Balance as at 31.12.2014	28,584	27,532	36,521	72,042	15,495	30,877	11,015	222,066

4. **Plant and equipment (Continued)**

	Air-conditioners $	Computers $	Electrical equipment $	Furniture and fittings $	Motor vehicles $	Office equipment $	Renovation $	Total $
Company								
Cost								
Balance as at 1.1.2013	68,600	207,924	76,338	152,080	133,179	52,427	91,443	781,991
Additions	–	26,467	3,215	13,402	28,011	2,810	3,495	77,400
Disposals	–	(1,507)	(1,650)	–	(67,979)	–	–	(71,136)
Written off	–	(585)	–	(96)	(16,200)	–	–	(16,881)
Balance as at 31.12.2013	68,600	232,299	77,903	165,386	77,011	55,237	94,938	771,374
Accumulated depreciation								
Balance as at 1.1.2013	17,150	129,132	16,093	39,262	133,179	13,940	30,895	379,651
Depreciation	11,433	44,242	12,900	26,433	5,364	8,290	26,307	134,969
Disposals	–	(1,507)	(596)	–	(67,979)	–	–	(70,082)
Written off	–	(585)	–	(36)	(16,200)	–	–	(16,821)
Balance as at 31.12.2013	28,583	171,282	28,397	65,659	54,364	22,230	57,202	427,717
Net carrying amount								
Balance as at 31.12.2013	40,017	61,017	49,506	99,727	22,647	33,007	37,736	343,657

4. Plant and equipment (Continued)

For the purpose of the consolidated statement of cash flows, the Group's additions to plant and equipment during the financial year comprised:

	Group	
	2014	**2013**
	$	**$**
Additions of plant and equipment	786,015	2,530,723
Provision for dismantlement, removal or restoration (Note 11)	(39,701)	(76,603)
Other payables	(155,635)	(127,694)
Net cash payments made	590,679	2,326,426

5. Investments in subsidiaries

	Company	
	2014	**2013**
	$	**$**
Unquoted equity shares, at cost	1,600,102	1,700,102
Allowance for impairment loss	(100)	(100)
	1,600,002	1,700,002

Movement in allowance for impairment loss was as follows:

	Company	
	2014	**2013**
	$	**$**
Balance as at the beginning and end of the financial year	100	100

On 12 November 2013, the Company incorporated a wholly-owned subsidiary known as Samsui Holdings Pte. Ltd. ("SHPL") with paid-up share capital of $2. The principal activity of SHPL is that of investment holding. On the same date, the Group announced the incorporation of a wholly-owned subsidiary of SHPL known as Samsui Supplies & Services Pte. Ltd. ("SSSPL"), also with a paid-up capital of $2.

On 12 December 2013, the Company announced that SHPL has increased its issued and paid-up capital to $1,000,000 by way of a cash injection from the Company and SSSPL has increased its issued and paid-up capital to $100,000 by way of cash injection from SHPL, both for working capital purposes.

On 1 January 2014, the Company has transferred its entire shareholdings in Sure Food Pte. Ltd. amounting to $100,000 to Samsui Holdings Pte. Ltd., a subsidiary of the Company, for a nominal value of $1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. Investments in subsidiaries (Continued)

The particulars of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation/ operations	Effective equity interests held	
			2014 %	2013 %
Held by the Company				
POT LUCK F & B Singapore Pte. Ltd.[1]	Operation of restaurants	Singapore	100	100
Soup Restaurant Singapore Pte. Ltd.[1]	Operation of restaurants	Singapore	100	100
CAFE O Singapore Pte. Ltd.[1]	Operation of restaurants	Singapore	100	100
Soup Restaurant Investments Pte. Ltd.[1]	Investment holding company	Singapore	100	100
Samsui Holdings Pte. Ltd.[1]	Investment holding company	Singapore	100	100
Sure Food Pte. Ltd.[1]	Food processing and distributing	Singapore	–	100
Held by Samsui Holdings Pte. Ltd.				
Samsui Supplies & Services Pte. Ltd.[1]	Sourcing, supplying and distributing of raw materials and food products and procurement services	Singapore	100	100
Sure Food Pte. Ltd.[1]	Food processing and distributing	Singapore	100	–
Held by Soup Restaurant Investments Pte. Ltd.				
SRG F & B Malaysia Sdn. Bhd.[2]	Operation of restaurants	Malaysia	100	100

(1) Audited by BDO LLP, Singapore, a member firm of BDO International Limited

(2) Audited by BDO, Malaysia, a member firm of BDO International Limited

6. Intangible assets

	Trademarks $	Computer software licenses $	Total $
Group			
Cost			
Balance as at 1.1.2014	12,173	171,207	183,380
Additions	11,127	18,949	30,076
Balance as at 31.12.2014	23,300	190,156	213,456
Accumulated amortisation			
Balance as at 1.1.2014	1,429	23,485	24,914
Amortisation	1,589	59,615	61,204
Balance as at 31.12.2014	3,018	83,100	86,118
Net carrying amount			
Balance as at 31.12.2014	20,282	107,056	127,338
Cost			
Balance as at 1.1.2013	9,854	–	9,854
Additions	2,319	171,207	173,526
Balance as at 31.12.2013	12,173	171,207	183,380
Accumulated amortisation			
Balance as at 1.1.2013	416	–	416
Amortisation	1,013	23,485	24,498
Balance as at 31.12.2013	1,429	23,485	24,914
Net carrying amount			
Balance as at 31.12.2013	10,744	147,722	158,466

NOTES TO THE FINANCIAL STATEMENTS

6. Intangible assets (Continued)

	Trademarks $	Computer software licenses $	Total $
Company			
Cost			
Balance as at 1.1.2014	12,173	171,207	183,380
Additions	11,127	6,499	17,626
Balance as at 31.12.2014	23,300	177,706	201,006
Accumulated amortisation			
Balance as at 1.1.2014	1,429	23,485	24,914
Amortisation	1,589	58,593	60,182
Balance as at 31.12.2014	3,018	82,078	85,096
Net carrying amount			
Balance as at 31.12.2014	20,282	95,628	115,910
Cost			
Balance as at 1.1.2013	9,854	–	9,854
Additions	2,319	171,207	173,526
Balance as at 31.12.2013	12,173	171,207	183,380
Accumulated amortisation			
Balance as at 1.1.2013	416	–	416
Amortisation	1,013	23,485	24,498
Balance as at 31.12.2013	1,429	23,485	24,914
Net carrying amount			
Balance as at 31.12.2013	10,744	147,722	158,466

7. Inventories

	Group	
	2014 $	2013 $
Consumables	164,566	90,429

The costs of inventories recognised as expenses and included in "Changes in inventory" and "Purchases and other consumables" in the consolidated statement of comprehensive income during the financial year were as follows:

	Group	
	2014 $	2013 $
Changes in inventory	(74,137)	9,663
Purchases and other consumables	9,216,031	8,841,163

8. Trade and other receivables

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Trade receivables				
– third parties	351,871	254,290	–	–
– GST receivables	152,187	59,375	9,724	13,944
	504,058	313,665	9,724	13,944
Other receivables				
– third parties	416,876	249,293	136,837	77,124
– subsidiaries	–	–	2,232,706	2,656,897
Less: Allowance for impairment loss	–	–	(83,891)	–
	416,876	249,293	2,285,652	2,734,021
Government grant receivables	120,330	–	–	–
Rental and utilities deposits	3,111,125	2,989,227	68,597	67,245
Prepayments	61,845	104,425	29,595	28,541
Trade and other receivables	4,214,234	3,656,610	2,393,568	2,843,751
Less:				
– prepayments	(61,845)	(104,425)	(29,595)	(28,541)
– GST receivables	(152,187)	(59,375)	(9,724)	(13,944)
Add:				
– cash and cash equivalents (Note 9)	9,124,743	10,948,429	6,510,722	6,683,669
Total loans and receivables	13,124,945	14,441,239	8,864,971	9,484,935

Movements in allowance for impairment loss of amounts due from subsidiaries are as follows:

	Company 2014 $	Company 2013 $
Balance as at the beginning of the financial year	–	2,041,287
Allowance for impairment loss during the financial year	83,891	–
Written off during the financial year	–	(2,041,287)
Balance as at the end of the financial year	83,891	–

Trade receivables are non-interest bearing and generally on 1 – 30 (2013: 1 – 30) days' credit terms.

Other receivables include an accrued amount of $120,330 (2013: Nil) receivable from the government in respect of a capability development grant (CDG) – Brand Development. As at the end of the financial year, the Group has already completed 86% of the relevant milestone supported by the government grant that is required to be completed by 29 February 2016. Management has assessed that it has and it will continue to fulfil the conditions attached to the grant and that the grant will be received. The related grant income has been set-off against the relevant expenses incurred in the consolidated statement of comprehensive income.

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. The amounts relate to advances and expenses paid on behalf for the subsidiaries.

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8. Trade and other receivables (Continued)

The currency profiles of the Group's and Company's trade and other receivables are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore dollar	4,085,538	3,527,204	2,393,568	2,843,751
Malaysian ringgit	128,696	129,406	–	–
	4,214,234	3,656,610	2,393,568	2,843,751

9. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Fixed deposits with banks	4,569,451	4,560,038	4,569,451	4,560,038
Cash and bank balances	4,555,292	6,388,391	1,941,271	2,123,631
	9,124,743	10,948,429	6,510,722	6,683,669

Fixed deposits are placed for tenure of 63 to 92 days (2013: 60 to 92 days) and will mature within 23 to 26 days (2013: 13 days to 20 days) from the end of the financial year. The effective interest rates on the fixed deposits and cash at banks are approximately 0.135% to 0.46% (2013: 0.085% to 0.23%) per annum.

The currency profiles of the Group's and Company's cash and cash equivalents are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore dollar	8,941,403	10,616,180	6,510,722	6,683,669
Malaysian ringgit	183,340	332,249	–	–
	9,124,743	10,948,429	6,510,722	6,683,669

10. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade payables				
– third parties	912,216	922,659	–	–
– GST payables	449,445	381,084	–	–
	1,361,661	1,303,743	–	–
Other payables				
– third parties	1,012,796	854,064	323,819	332,882
– subsidiaries	–	–	450,000	1,074,033
	1,012,796	854,064	773,819	1,406,915
Deferred government grant	58,642	–	58,642	–
Accrued operating expenses	1,910,986	1,752,635	290,199	355,021
Accrued unutilised annual leave	193,972	253,087	70,480	79,642
Total trade and other payables	4,538,057	4,163,529	1,193,140	1,841,578
Less:				
– deferred government grant	(58,642)	–	(58,642)	–
– accrued unutilised annual leave	(193,972)	(253,087)	(70,480)	(79,642)
– GST payables	(449,445)	(381,084)	–	–
Trade and other payables, representing other financial liabilities at amortised cost	3,835,998	3,529,358	1,064,018	1,761,936

Trade payables are non-interest bearing and generally on 30 (2013: 30) days' credit terms.

Other payables comprise mainly of payables for purchases of plant and equipment, professional and legal fees.

The deferred government grant relates to a capability development grant (CDG) – Technology Innovation and Productivity Improvement amounting to $113,411 received by the Company from the government in respect of computer software developed in the current financial year. The grant received is recognised in profit or loss in accordance to the useful life of the relevant asset acquired and the timing of expenses incurred. As at the end of financial year, remaining deferred government grant amounted to $58,642 (2013: Nil).

The non-trade amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand. The amount relates to expenses paid on behalf by the subsidiaries.

The currency profiles of the Group's and Company's trade and other payables are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore dollar	4,440,183	3,746,896	1,193,140	1,841,578
Malaysian ringgit	97,874	416,633	–	–
	4,538,057	4,163,529	1,193,140	1,841,578

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11. Provisions

Provision for dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of plant and equipment.

Movements in the provisions are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Balance as at the beginning of the financial year	678,548	623,648	36,281	34,554
Provision made during the financial year (Note 4)	39,701	76,603	–	–
Utilisation during the financial year	–	(43,025)	–	–
Amortisation of discount	15,589	21,322	1,814	1,727
Balance as at the end of the financial year	733,838	678,548	38,095	36,281

12. Deferred tax liabilities

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Balance as at the beginning of the financial year	236,941	244,036	16,200	16,200
Charged/(credited) to profit or loss	65,098	(7,095)	23,800	–
Balance as at the end of the financial year	302,039	236,941	40,000	16,200

Recognised deferred tax liabilities are attributable to the following:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Accelerated tax depreciation	336,191	252,760	51,785	16,200
Other temporary differences	(34,152)	(15,819)	(11,785)	–
	302,039	236,941	40,000	16,200

Unrecognised deferred tax assets

	Group	
	2014	2013
	$	$
Balance as at beginning of the financial year	144,637	15,663
Deferred tax assets not recognised	49,675	128,974
Adjustments	(143,617)	–
	50,695	144,637

12. Deferred tax liabilities (Continued)

Unrecognised deferred tax assets (Continued)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014	**2013**
	$	**$**
Excess of net carrying amount over tax written down value of property, plant and equipment	15,853	24,995
Unutilised tax losses	37,877	105,221
Others	(3,035)	14,421
	50,695	144,637

As at the end of the financial year, unutilised tax losses of approximately $223,000 (2013: $619,000) are available for set-off against future taxable profits subject to the agreement by the tax authority and with certain provisions of the Singapore Income Tax Act. Deferred tax assets have not been recognised due to the unpredictability of future profit streams.

13. Share capital

	Group and Company	
	2014	**2013**
	$	**$**
Issued and paid up		
298,500,000 (2013: 298,500,000) ordinary shares as at the beginning and end of the financial year	6,592,761	6,592,761

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

14. Treasury shares

	Group and Company			
	2014	**2013**	**2014**	**2013**
	Number of ordinary shares		**$**	**$**
Issued and paid up				
Balance as at the beginning of the financial year	8,900,000	–	1,854,979	–
Reacquired during the financial year	3,953,000	8,900,000	966,102	1,854,979
Balance as at the end of the financial year	12,853,000	8,900,000	2,821,081	1,854,979

The Company acquired 3,953,000 (2013: 8,900,000) of its own shares through purchases on the SGX-ST during the financial year. The total amount paid to acquire the shares was $966,102 (2013: $1,854,979).

NOTES TO THE FINANCIAL STATEMENTS

15. Translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

16. Revenue

Revenue represents the invoiced value of food and beverage products, net of discounts and goods and services tax.

17. Other income

	Group 2014 $	Group 2013 $
Unit franchise fees	50,000	50,000
Gain on disposal of plant and equipment	9,275	5,550
Government grants		
– Capability Development Grant	69,025	4,000
– Capability Development Scheme (Enterprise)	–	11,800
– Inclusive Growth Scheme	3,717	13,350
– Innovation & Capability Voucher	–	10,000
– Productivity and Innovation Credit	15,000	–
– Small and Medium Enterprises cash grant	–	25,000
– Special Employment Credit	86,347	68,040
– Wages Credit Scheme	137,034	–
Consultancy fees	22,500	18,000
Royalty fees	98,410	104,348
Sundry income	68,649	95,257
	559,957	405,345

18. Employee benefits expense

	Group 2014 $	Group 2013 $
Salaries, bonuses and other benefits	13,365,752	12,224,456
Contributions to defined contribution plans	948,998	970,034
	14,314,750	13,194,490

The above includes the amounts shown as key management personnel remuneration (excludes Directors' fees) as disclosed in Note 25 to the financial statements.

19. Finance costs

	Group 2014 $	Group 2013 $
Amortisation of discount on provision	15,589	21,322

20. Profit before income tax

The above is arrived at after charging:

	Group	
	2014	2013
	$	$
Other expenses		
Audit fees paid/payable to		
– the auditors of the Company	110,300	106,200
– other auditor	7,567	7,060
Non-audit fees paid/payable to		
– the auditors of the Company	35,900	35,014
– other auditor	1,513	2,780
Cleaning materials	1,046,289	1,028,352
Consultancy fees	179,542	163,542
Credit card commission charges	402,139	433,340
Directors' fees	130,000	120,000
Loss on disposal of plant and equipment	–	36,233
Operating lease expenses for premises		
– minimum lease payments	6,765,810	6,448,955
– contingent rents	1,023,670	945,451
Operating lease expenses for machineries	52,628	63,194
Plant and equipment written off	22,097	75,745
Professional fees	330,040	432,408
Repair and maintenance	234,197	273,342
Utilities	2,137,744	2,015,422

21. Income tax expense

	Group	
	2014	2013
	$	$
Current tax		
– current financial year	225,375	344,543
– overprovision in prior years	(220,991)	(28,278)
	4,384	316,265
Deferred tax		
– current financial year	(8,537)	(4,578)
– under/(over)provision in prior years	73,635	(2,517)
	65,098	(7,095)
Total income tax expense	69,482	309,170

Domestic income tax is calculated at 17% (2013: 17%) of the estimated assessable profit for the financial year. Taxation in Malaysia is calculated at 25% (2013: 25%) of the estimated assessable profit of the subsidiary in Malaysia for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

21. Income tax expense (Continued)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2013: 17%) to profit before income tax as a result of the following differences:

	Group	
	2014	**2013**
	$	**$**
Profit before income tax	981,052	776,288
Income tax at statutory tax rate	166,779	131,969
Effect of different tax rate in Malaysia	(13,729)	(5,988)
Tax effect of expenses non-deductible for income tax purposes	176,913	288,816
Tax effect of income not subject to income tax	(20,818)	(11,471)
Tax effect of Singapore's statutory stepped income exemption	(69,977)	(32,671)
Tax incentives	(92,358)	(190,297)
Deferred tax assets not recognised	49,675	128,974
Withholding tax	20,237	24,854
(Over)/underprovision in prior years		
– current tax	(220,991)	(28,278)
– deferred tax	73,635	(2,517)
Others	116	5,779
	69,482	309,170

22. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2014	**2013**
	$	**$**
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to the owners of the Company)	911,570	467,118
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	287,036,745	296,478,767
Earnings per share (cents)		
Basic and diluted	0.32	0.16

The Group does not have any dilutive options for the financial years ended 31 December 2014 and 31 December 2013.

23. Dividends

	Group and Company	
	2014	2013
	$	$
Final tax-exempt dividend paid of 0.75 (2013: 0.35) Singapore cents per share in respect of the previous financial year	2,151,308	1,044,750
Special tax-exempt dividend paid of Nil (2013: 0.80) Singapore cents per share in respect of the previous financial year	–	2,388,000
	2,151,308	3,432,750

The Directors of the Company recommend a final tax-exempt dividend 0.75 (2013: 0.75) cents per share amounting to $2,142,353 (2013: $2,151,308) to be paid in respect of current financial year. The final tax-exempt dividend has not been recognised as liabilities as at the end of financial year as it is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

24. Operating lease commitments

The Group and the Company as the lessees

As at the end of the financial year, there were operating lease commitments for rental of premises payable in subsequent accounting periods as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Not later than one year	7,001,454	6,723,197	61,470	117,697
Later than one year and not later than five years	5,477,303	9,255,900	–	59,443
	12,478,757	15,979,097	61,470	177,140

The above lease agreements expire in dates between 31 May 2015 to 31 March 2018 (2013: 15 July 2014 to 3 April 2017). The current rents payable under the leases of premises are subject to revision after expiry. The above commitments were based on prevailing rental rates for the current financial year. Some of the operating leases of premises provide for contingent rentals based on percentage of sales derived from the rented premises. The leases have varying terms, escalation clauses and renewal rights for 1 to 3 years.

25. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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25. Significant related party transactions (Continued)

(b) An entity is related to the Group and the Company if any of the following conditions apply:

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

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties.

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Consultancy fee paid to a Director of the Company	12,000	–	12,000	–

Compensation of key management personnel

Key management personnel are Directors and those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Group's and Company's key management personnel are the Directors of the Company and Heads of key functions.

The remuneration of key management personnel of the Group and of the Company during the financial year were as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Directors' fees	130,000	120,000	130,000	120,000
Short-term employment benefits	1,491,987	1,428,314	1,396,040	1,339,240
Post-employment benefits	65,196	60,586	53,841	51,563
	1,687,183	1,608,900	1,579,881	1,510,803

25. Significant related party transactions (Continued)

Compensation of key management personnel (Continued)

Key management personnel remuneration includes the following remuneration to the Directors of the Company and Director of a subsidiary as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Directors of the Company				
Directors' fees	130,000	120,000	130,000	120,000
Short-term employment benefits	1,149,800	1,117,200	1,149,800	1,117,200
Post-employment benefits	31,985	26,331	31,985	26,331
	1,311,785	1,263,531	1,311,785	1,263,531
Director of a subsidiary				
Short-term employment benefits	95,947	89,074	–	–
Post-employment benefits	11,355	9,023	–	–
	107,302	98,097	–	–
	1,419,087	1,361,628	1,311,785	1,263,531

26. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker as disclosed in Note 2.21 to the financial statements.

Management considers the business from a business segment perspective. The Group's reportable business segments are strategic business units that are organised based on their functions. They are managed separately because each business unit requires different skill sets and marketing strategies.

In the current financial year, the Group has identified two (2013: one) reportable business segments being operation of restaurants and food processing, distribution and procurement services segments (2013: operation of restaurants).

(i) The operation of restaurants segment sells food and beverage products to the general public via restaurant outlets.

(ii) The food processing, distribution and procurement services segment processes, distributes and procures food and beverage products for sale to operation of restaurants segment and to third parties.

"Others" includes the Group's investment holding activities which are not allocated to reportable segments as they are not included in the segment information reported to the chief operating decision maker.

Geographically, management manages and monitors the business in these primary geographic areas: Singapore and Malaysia. However, as the Malaysia subsidiary's results are considered insignificant in relation to the Group results, no geographical segment information is presented during the financial year.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss measured differently from the accounting profit or loss before income tax.

Interest income are not allocated to segments as it is managed on a group basis.

26. Segment information (Continued)

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

The Group accounts for inter-segment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated upon consolidation.

Summarised of segment information is as follows:

	Operation of restaurants		Food processing, distribution and procurement services		Others		Total	
	2014 S$	2013 S$	2014 S$	2013 S$	2014 S$	2013 S$	2014 S$	2013 S$
Total segment revenue	38,892,237	37,640,315	7,185,613	2,659,095	–	–	46,077,850	40,299,410
Inter-segment revenue	(73,616)	–	(6,508,990)	(2,279,758)	–	–	(6,582,606)	(2,279,758)
Revenue from external customers	38,818,621	37,640,315	676,623	379,337	–	–	39,495,244	38,019,652
Segment profits/(loss)	763,588	904,044	315,792	127,879	(108,490)	(268,206)	970,890	763,717
Depreciation and amortisation	1,468,918	1,528,050	176,052	142,782	–	–	1,644,970	1,670,832
Segment assets/total assets	14,954,914	17,802,091	2,575,826	1,686,961	137,837	101,068	17,668,577	19,590,120
Segment liabilities/total liabilities	3,950,357	4,535,790	1,262,061	418,182	487,721	462,433	5,700,139	5,416,405
Capital expenditure on property, plant and equipment	709,936	2,466,100	76,079	64,623	–	–	786,015	2,530,723
Capital expenditure on intangible assets	25,627	162,076	4,449	11,450	–	–	30,076	173,526

26. Segment information (Continued)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before income tax in the financial statements. Interest income is not allocated to segments as it is managed on a group basis.

A reconciliation of the total segment profits to the profit before income tax is as follows:

	Group	
	2014	**2013**
	$	**$**
Segment profits	970,890	763,717
Interest income	10,162	12,571
Profit before income tax	981,052	776,288

Segment assets

The amounts provided to the chief operating decision maker in respect of the total assets are measured in a manner consistent to that of the financial statements. Management monitors the assets attributable to each segment for the purpose of monitoring segment performance and for allocating resources between segments. All assets are allocated to the reportable segments except for certain assets included in “Others” not reported to the chief operating decision maker.

Segment liabilities

The amounts provided to chief operating decision maker in respect of the total liabilities are measured in a manner consistent to that of the financial statements. Management monitors the liabilities attributable to each segment for the purpose of monitoring segment performance and for allocating resources between segments. All liabilities are allocated to reportable segments except for certain liabilities included in “Others” not reported to the chief operating decision maker.

Information about major customers

The Group does not have any major customers as it provides goods and services to the general public as a whole.

27. Financial risks management

The Group’s and the Company’s activities expose them to credit risk, market risks, and liquidity risk. The Group’s and the Company’s overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group’s and the Company’s financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company.

There has been no change to the Group’s and the Company’s exposure to these financial risks or the manner in which it manages and measures the risks.

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27. Financial risks management (Continued)

27.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

Due to the nature of the Group's business, the Group's trade receivables are mainly group of counterparties having similar characteristics.

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables (excluding prepayments and GST receivables).

Fixed deposits and bank balances (within cash and cash equivalents) are mainly deposits with reputable banks.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company. The Group's and the Company's historical experience in the collection of receivables falls within the recorded allowances.

The age analysis of trade receivables is as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Not past due	294,102	163,454	9,724	13,944
Past due but not impaired				
– 0 to 3 months	168,149	114,715	–	–
– More than 3 months	41,807	35,496	–	–
	504,058	313,665	9,724	13,944

The age analysis of other receivables is as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Not past due	1,204	172,169	–	–
Past due but not impaired				
– 0 to 3 months	–	–	–	–
– More than 3 months	415,672	77,124	136,837	77,124
	416,876	249,293	136,837	77,124

The amounts due from subsidiaries as disclosed in Note 8 to the financial statements are repayable on demand. The impairment amount of $83,891 (2013: Nil) arose mainly from a subsidiary, Soup Restaurant Investments Pte. Ltd. which suffered losses from its operations in the current financial year and whose recoverable amount is lower than the amount due from subsidiary.

27. Financial risks management (Continued)

27.2 Market risks

The Group and the Company do not have any significant exposure to the financial risk arising from changes in foreign exchange rates and interest rates. Hence, no sensitivity analysis was prepared by the management.

27.3 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payments and receipts cycle.

The Group and the Company actively manage their operating cash flows so as to finance the Group's and the Company's operations. As part of overall prudent liquidity management, the Group and the Company maintain sufficient level of cash to meet working capital requirements.

The financial liabilities of the Group and the Company will mature within one year and are non-interest bearing.

27.4 Offsetting financial assets and financial liabilities

There are no offsetting arrangements on financial assets and financial liabilities at the Group level. The following table details the Company's financial assets (which are subject to offsetting, enforceable master netting arrangements and similar agreements).

Financial assets

The Company has the following financial instruments subject to enforceable master netting arrangements or similar agreements as follows:

	Related amounts set off in the statement of financial position		
	Gross amounts - financial assets $	**Gross amounts - financial liabilities $**	**Net amounts of financial assets $**
Company			
As at 31 December 2014			
Amounts due from subsidiaries	23,039,140	(20,806,434)	2,232,706
As at 31 December 2013			
Amounts due from subsidiaries	4,440,166	(1,783,269)	2,656,897

27. Financial risks management (Continued)

27.4 Offsetting financial assets and financial liabilities

Financial liabilities

The Company has the following financial instruments subject to enforceable master netting arrangements or similar agreements as follows:

	Related amounts set off in the statement of financial position		
	Gross amounts - financial liabilities $	Gross amounts - financial assets $	Net amounts of financial liabilities $
Company			
As at 31 December 2014			
Amounts due to subsidiaries	450,000	–	450,000
As at 31 December 2013			
Amounts due to subsidiaries	18,470,478	(17,396,445)	1,074,033

28. Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital (Note 13), treasury shares (Note 14), translation reserve (Note 15) and accumulated profits as disclosed in the consolidated statement of changes in equity of the Group and statement of changes in equity of the Company.

The Group's and the Company's management review the capital structure on a quarterly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance their overall capital structure through the payment of dividends, new share issues and reacquisition of issued shares. The Group's and the Company's overall strategy remains unchanged from the previous financial year.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

29. Fair value

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables, approximate their respective fair values due to the relative short-term maturities of these financial instruments.

30. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation as shown in the following table and to better reflect the nature of the item. No statements of financial position as at 1 January 2013 have been presented as the reclassification does not have any impact in the statements of financial position as at 1 January 2013.

Purchases of packing materials of $84,321 which was previously classified as "Other expenses" has been reclassified to "Purchases and other consumables" in the consolidated statement of comprehensive income.

	2013 $ Previously reported	2013 $ After reclassification
Consolidated statement of comprehensive income		
Purchases and other consumables	8,756,842	8,841,163
Other expenses	14,008,131	13,923,810

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2015

SHARE CAPITAL

Number of ordinary shares in issue (excluding treasury shares)	:	285,607,000
Number of treasury shares held	:	12,893,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4	0.19	60	0.00
100 – 1,000	56	2.61	53,119	0.02
1,001 – 10,000	1,580	73.69	6,628,693	2.32
10,001 – 1,000,000	485	22.62	38,633,540	13.53
1,000,001 AND ABOVE	19	0.89	240,291,588	84.13
TOTAL	**2,144**	**100.00**	**285,607,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MOK YIP PENG	65,543,600	22.95
2	WONG CHI KEONG	48,952,300	17.14
3	WONG WEI TECK	41,091,900	14.39
4	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	28,123,000	9.85
5	KGI FRASER SECURITIES PTE LTD	14,002,000	4.90
6	28 HOLDINGS PTE. LTD.	10,000,000	3.50
7	DBS NOMINEES (PRIVATE) LIMITED	7,573,288	2.65
8	RAFFLES NOMINEES (PTE) LIMITED	5,289,000	1.85
9	LEE IN CHUN	4,230,000	1.48
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,104,000	0.74
11	HUANG XIANGMIAO	2,000,000	0.70
12	HO THIAM KIAT	1,824,000	0.64
13	HSBC (SINGAPORE) NOMINEES PTE LTD	1,767,500	0.62
14	PHILLIP SECURITIES PTE LTD	1,550,000	0.54
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,425,000	0.50
16	LEK SECK TIN	1,300,000	0.46
17	SIM KWANG WEI EUGENE	1,263,000	0.44
18	TAN KIM SENG	1,243,000	0.44
19	UOB KAY HIAN PRIVATE LIMITED	1,010,000	0.35
20	LIN GUAN YU @JERRY LUM	1,000,000	0.35
TOTAL		**241,291,588**	**84.49**

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**
Mok Yip Peng	65,543,600	22.95	–	–
Wong Chi Keong	48,952,300	17.14	–	–
Wong Wei Teck	41,091,900	14.39	–	–
Then Khek Koon	–	–	28,945,000	10.13
28 Holdings Pte Ltd	10,000,000	3.50	14,000,000	4.90
Goh Khoon Lim[1]	98,000	0.03	24,000,000	8.40
Gan Suat Lui[2]	–	–	24,000,000	8.40

Notes:

1) By virtue of Section 7 of the Companies Act, Cap. 50 of Singapore, Goh Khoon Lim is deemed to have an interest in 24,000,000 shares held by 28 Holdings Pte Ltd ("28 Holdings").

2) By virtue of Section 7 of the Companies Act, Cap. 50 of Singapore, Gan Suat Lui is deemed to have an interest in 24,000,000 shares held by 28 Holdings.

3) Percentage is based on 285,607,000 shares (excluding treasury shares) as at 23 March 2015.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company, approximately 26.6% of the Company's shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Therefore the Company has complied with Rule 723 of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Soup Restaurant Group Limited ("the Company") will be held at 150 Kampong Ampat #04-01, KA Centre, Singapore 368324 on Thursday, 30 April 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a one-tier tax-exempt final dividend of 0.75 cent per share for the year ended 31 December 2014 (2013: 0.75 cent per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 107 of the Articles of Association of the Company:

   Mr Chua Koh Ming **(Resolution 3)**
   Mr Saw Meng Tee **(Resolution 4)**

4. To re-appoint Professor Cham Tao Soon as a director of the Company in accordance with Section 153(6) of the Companies Act, Cap. 50 and as may be amended, to hold office from the date of this Annual General Meeting.
   [See Explanatory Note (i)]

   Professor Cham Tao Soon will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent. **(Resolution 5)**

5. To approve the payment of Directors' fees of S$130,000 for the year ended 31 December 2014 (2013: S$120,000). **(Resolution 6)**

6. To re-appoint BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may properly be 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

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

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

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

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

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares in the capital 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;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) 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 earlier.
[See Explanatory Note (ii)] **(Resolution 8)**

9. Renewal of Share Purchase Mandate

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix 1 attached, and this mandate shall, unless revoked or varied by the Company in general meeting, 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 earlier.
[See Explanatory Note (iii)] **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

Toh Yen Sang
Secretary
Singapore, 15 April 2015

Explanatory Notes:

(i) The effect of the Ordinary Resolution 5 proposed in item 4 above, is to comply with Section 153(6) of the Companies Act, Cap. 50 and as may be amended.

(ii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company effective 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, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Appendix 1 attached. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2013 are set out in greater detail in the Appendix 1 attached.

Notes:

1. A Member 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. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 150 Kampong Ampat #04-01, KA Centre, Singapore 368324 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

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

APPENDIX 1

SUMMARY SHEET FOR RENEWAL OF SHARES PURCHASE MANDATE

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix 1 ("**Appendix**"). If you are in doubt as to the action that you should take, you should consult your stockbroker or other professional adviser immediately.

(A) Shares Purchased In The Previous Twelve Months

Pursuant to the Shares Purchase Mandate obtained at the Annual General Meeting on 30 April 2014, the Company had bought back by way of market acquisition, 1,234,000 ordinary shares of the Company (the "**Shares**"). The total consideration paid for the purchases was $273,885 inclusive of brokerage and clearing fees of $1,062.The highest price paid for the purchases was $0.235 per Share and the lowest price paid was $0.205 per Share.

(B) Renewal of The Shares Purchase Mandate

The Ordinary Resolution No. 9 passed at the forthcoming annual general meeting to be held on the 30 April 2015 ("**Annual General Meeting**"), will renew the Shares Purchase Mandate approved by the shareholders of the Company from the date of the Annual General Meeting until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

(C) Rationale For The Shares Purchase Mandate

Short-term speculation and short time market volatility may at times cause the market price of the Company's Shares to be depressed below the true value of the Company and the Group. The proposed Shares Purchase Mandate will provide the Directors with the means to restore investors' confidence and to protect existing shareholders' investments in the Company in a depressed share-price situation through judicious Shares purchases to enhance the earnings per Share and/or the net asset value per Share. The Shares purchases will enhance the net asset value per Share if the Shares purchases are made at a price below the net asset value per Share.

The proposed Shares Purchase Mandate will also provide the Company with an expedient and cost-effective mechanism to facilitate the return of surplus cash reserves to the shareholders, as and when the Directors are of the view that this would be in the best interests of the Company and the shareholders.

Pursuant to the Companies Act, the Share Purchase Mandate also enables the Company to hold Shares purchased pursuant to the Share Purchase Mandate as Treasury Shares to be utilised, inter alia, for the purpose of the issue of Shares pursuant to the grant of awards under the Soup Restaurant Performance Share Plan.

The Share Purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company and/or Shareholders. The Directors do not propose to carry out purchases pursuant to the proposed Share Purchase Mandate to such an extent that would, or in circumstances that might result in a material adverse effect on the financial position of the Company or the Group.

At the 1 April 2015, approximately 75,876,200 Shares (26.6%) of a total of 285,607,000 Shares issued by the Company (excluding 12,893,000 treasury shares) are held by the public. The Company will ensure that the Shares purchases will not cause market illiquidity or affect orderly trade and will ensure that Clause 723 of the Listing Manual is complied with.

(D) Financial Impact of the Proposed Shares Purchases

1. The purchased Shares may be:

   (i) held by the Company; or

   (ii) dealt with, at any time, in accordance with Section 76K of the Companies Act (Chapter 50) of Singapore (the "**Act**"), as Treasury Shares.

   Section 76K of the Act allows the Company to:

   (i) sell the Shares (or any of them) for cash;

   (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

   (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

   (iv) cancel the Shares (or any of them);or

   (v) sell, transfer or otherwise use the Shares for such other purposes as may be prescribed by the Minister of Finance.

   The aggregate number of Shares held as Treasury Shares shall not at any time exceed ten per cent. (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months.

   Any Shares Purchase will:

   (i) reduce the amount of the Company's share capital where the Shares were purchased or acquired out of the capital of the Company;

   (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or

   (iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company;

   by the total amount of the purchase price paid by the Company for the Shares cancelled.

   The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares will be treated as having no voting rights.

2. The financial effects on the Company and the Group arising from the proposed purchases of the Company's Shares which may be made pursuant to the proposed Shares Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased and the consideration paid at the relevant time.

3. Based on the existing issued and paid-up share capital of the Company as at 1 April 2015 (the "**Latest Practicable Date**"), the proposed purchases by the Company of up to a maximum of ten per cent. (10%) of its issued share capital under the Shares Purchase Mandate will result in the purchase of a maximum of 28,560,700 Shares.

APPENDIX 1

4. An illustration of the impact of Shares purchases by the Company pursuant to the Shares Purchase Mandate on the Group's and the Company's financial position is set out below based on the following assumptions:

(a) audited accounts of the Group and the Company as at 31 December 2014;

(b) in full exercise of the Shares Purchase Mandate, 28,560,700 Shares were purchased;

(c) the maximum price for the market purchases is 0.225 which is five (5%) above the average closing prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which the transactions in Shares were recorded on the SGX-ST; and

(d) the maximum amount of funds required for the Shares purchases in the aggregate is $6,426,158.

(i) Market Purchases and Off-Market Purchase Made Entirely out of Capital or Profit and Held as Treasury Shares

Market Purchase

	Group before Shares purchase ($'000)	**Group after Shares purchase ($'000)**	**Company before Shares purchase ($'000)**	**Company after Shares purchase ($'000)**
As at 31 December 2014				
Share Capital	6,593	6,593	6,593	6,593
Reserves	8,197	8,197	5,787	5,787
Equity excluding Treasury Shares	14,790	14,790	12,380	12,380
Treasury Shares	2,821	9,247	2,821	9,247
Total equity including Treasury Shares	11,968	5,542	9,559	3,133
Net tangible assets(1)	11,841	5,415	9,443	3,017
Current Assets	13,637	7,211	8,538	2,112
Current Liabilities	5,398	5,398	877	877
Cash and cash equivalents	9,125	2,699	6,511	85
Net Profit attributable to owners of parent	912	912	2,865	2,865
Total number of issued Shares ('000)(2)	285,607	257,046	285,607	257,046
Financial Ratios				
Net tangible assets per Share (cents)	4.15	2.11	3.31	1.17
Earnings per Share (cents)(3)	0.32	0.35	1.00	1.11
Current ratio (times)(4)	2.53	1.34	9.74	2.41

APPENDIX 1

Off – Market Purchase

	Group before Shares purchase ($'000)	Group after Shares purchase ($'000)	Company before Shares purchase ($'000)	Company after Shares purchase ($'000)
As at 31 December 2014				
Share Capital	6,593	6,593	6,593	6,593
Reserves	8,197	8,197	5,787	5,787
Equity excluding Treasury Shares	14,790	14,790	12,380	12,380
Treasury Shares	2,821	10,161	2,821	10,161
Total equity including Treasury Shares	11,968	4,628	9,559	2,219
Net tangible assets[(1)]	11,841	4,501	9,443	2,103
Current Assets	13,637	6,297	8,538	1,198
Current Liabilities	5,398	5,398	877	877
Cash and cash equivalents	9,125	1,785	6,511	(829)
Net Profit attributable to owners of parent	912	912	2,865	2,865
Total number of issued Shares ('000)[(2)]	285,607	257,046	285,607	257,046
Financial Ratios				
Net tangible assets per Share (cents)	4.15	1.75	3.31	0.82
Earnings per Share (cents)[(3)]	0.32	0.35	1.00	1.11
Current ratio (times)[(4)]	2.53	1.17	9.74	1.37

Notes:

(1) Net tangible assets equals total equity less minority interest less intangible assets, if any.

(2) Total number of issued Shares excludes 12,893,000 Shares that are held as treasury shares as at the Latest Practicable Date.

(3) For illustrative purposes, Earnings Per Share is computed based on profit after tax and number of Shares as shown in the table above.

(4) Current ratio equals current assets divided by current liabilities.

APPENDIX 1

(ii) Market Purchase or Off-Market Purchase Made Entirely out of Capital or Profit and Cancelled

Market Purchase

	Group before Shares purchase ($'000)	Group after Shares purchase ($'000)	Company before Shares purchase ($'000)	Company after Shares purchase ($'000)
As at 31 December 2014				
Share Capital	6,593	6,593	6,593	5,954
Reserves	8,197	1,771	5,787	–
Equity excluding Treasury Shares	14,790	8,363	12,380	5,954
Treasury Shares	2,821	2,821	2,821	2,821
Total equity including Treasury Shares	11,968	5,542	9,559	3,133
Net tangible assets[1]	11,841	5,415	9,443	3,017
Current Assets	13,637	7,211	8,538	2,112
Current Liabilities	5,398	5,398	877	877
Cash and cash equivalents	9,125	2,699	6,511	85
Net Profit attributable to owners of parent	912	912	2,865	2,865
Total number of issued Shares ('000)	285,607	257,046	285,607	257,046
Financial Ratios				
Net tangible assets per Share (cents)	4.15	2.11	3.31	1.17
Earnings per Share (cents)[2]	0.32	0.35	1.00	1.11
Current ratio (times)[3]	2.53	1.34	9.74	2.41

APPENDIX 1

Off – Market Purchase

	Group before Shares purchase ($'000)	Group after Shares purchase ($'000)	Company before Shares purchase ($'000)	Company after Shares purchase ($'000)
As at 31 December 2014				
Share Capital	6,593	6,593	6,593	5,040
Reserves	8,197	857	5,787	–
Equity excluding Treasury Shares	14,790	7,449	12,380	5,040
Treasury Shares	2,821	2,821	2,821	2,821
Total equity including Treasury Shares	11,968	4,628	9,559	2,219
Net tangible assets(1)	11,841	4,501	9,443	2,103
Current Assets	13,637	6,297	8,538	1,198
Current Liabilities	5,398	5,398	877	877
Cash and cash equivalents	9,125	1,785	6,511	(829)
Net Profit attributable to owners of parent	912	912	2,865	2,865
Total number of issued Shares ('000)	285,607	257,046	285,607	257,046
Financial Ratios				
Net tangible assets per Share (cents)	4.15	1.75	3.31	0.82
Earnings per Share (cents)(2)	0.32	0.35	1.00	1.11
Current ratio (times)(3)	2.53	1.17	9.74	1.37

Notes:

(1) Net tangible assets equals total equity less minority interest less intangible assets, if any.

(2) For illustrative purposes, Earnings Per Share is computed based on profit after tax and number of Shares as shown in the table above.

(3) Current ratio equals current assets divided by current liabilities.

5. Shareholders should note that the financial effects set out above are based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2014 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2014 may not be representative of future performance.

6. The Company intends to use its internal sources of funds to finance its purchases of the Shares. The Company does not intend to obtain or incur any borrowings to finance its purchases of the Shares. The Directors do not propose to exercise the Shares Purchase Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected.

APPENDIX 1

The Company will take into account both financial and non-financial factors, among other things, the market conditions at such time, the Company's financial condition, the performance of the Shares and whether such Shares purchases would represent the most efficient and cost-effective approach to enhance the Share value. Shares purchases will only be made if the Board believes that such purchases are likely to benefit the Company and increase economic value for shareholders.

(E) Consequences of Shares Purchases under the Singapore Code on Take-overs and Mergers

1. In accordance with The Singapore Code on Take-overs and Mergers (the "**Take-over Code**"), a person will be required to make a general offer for a public company if:

   (a) he acquires thirty per cent. (30%) or more of the voting rights of the company; or

   (b) he already holds between thirty per cent. (30%) and fifty per cent. (50%) of the voting rights of the company, and he increases his voting rights in the company by more than one per cent. (1%) in any six-month period.

2. As at the Latest Practicable Date and before the proposed Shares Purchase Mandate, the substantial shareholders' and Directors' interests are as follows:

	Before Purchase						After Purchase	
	Direct Interest		Deemed Interest		Total Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Mok Yip Peng	65,543,600	21.96	–	–	65,543,600	21.96	65,543,600	25.50
Wong Chi Keong	48,952,300	16.40	–	–	48,952,300	16.40	48,952,300	19.04
Wong Wei Teck	41,091,900	13.77	–	–	41,091,900	13.77	41,091,900	15.99
Then Khek Koon[(1)]	–	–	28,945,000	9.70	28,945,000	9.70	28,945,000	11.26
Professor Cham Tao Soon[(2)]	300,000	0.10	200,000	0.07	500,000	0.17	500,000	0.19
Chua Koh Ming	300,000	0.10	–	–	300,000	0.10	300,000	0.12
Saw Meng Tee	300,000	0.10	–	–	300,000	0.10	300,000	0.12
Holders of 5% or more								
28 Holdings Pte Ltd[(3)]	10,000,000	3.35	14,000,000	4.69	24,000,000	8.04	24,000,000	9.34
Goh Khoon Lim[(3)]	98,000	0.03	24,000,000	8.04	24,098,000	8.07	24,098,000	9.37
Gan Suat Lui[(3)]	–	–	24,000,000	8.04	24,000,000	8.04	24,000,000	9.34

NOTES:

(1) 27,945,000 Shares held in the name of Maybank Nominees (S) Pte Ltd as nominee and 1,000,000 Shares are held by Then Feng, the son of Then Khek Koon.

(2) Professor Cham Tao Soon, the Non-Executive Chairman of the Company, is deemed interested in the 200,000 Shares held by his wife, Cham Ee Lin.

(3) 28 Holdings Pte. Ltd. ("28 Holdings") is a private limited company incorporated in Singapore on September 1999. 28 Holdings is an investment holding company. The substantial shareholders of 28 Holdings are Goh Khoon Lim (40.0%), his spouse Gan Suat Lui (40.0%), Goh Li-Shing, Arlene (Wu Lixin Arlene) (10.0%) and Goh Fuqiang, Kenneth (10.0%). The directors of 28 Holdings are Goh Khoon Lim, Gan Suat Lui, and Goh Fuqiang, Kenneth. By virtue of Section 7 of the Companies Act, Goh Khoon Lim and Gan Suat Lui are deemed to have an interest in 24,000,000 Shares held by 28 Holdings.

APPENDIX 1

In the event the Company undertakes Share Purchases of up to ten per cent (10%) of the issued Shares as permitted by the Share Purchase Mandate, it is not expected that the shareholdings and voting rights of any of the Shareholders will be increased to 30% or more. Accordingly, no general offer is required to be made pursuant to the Take-Over Code as a result of share purchases.

(F) Miscellaneous

1. Any Shares Purchases undertaken by the Company shall be at a price of up to but not exceeding the Maximum Price. The Maximum Price is a sum which shall not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) trading days in which transactions in the Shares on the SGX-ST were recorded, in the case of a Market Purchase, before the day on which such purchase is made, and, in the case of an Off-Market Purchase, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period.

2. In making Shares Purchases, the Company will comply with the requirements of the SGX-ST Listing Manual, in particular, Rule 886 with respect to notification to the SGX-ST of any Shares purchases. Rule 886 is reproduced below:

   "(1) An issuer must notify the Exchange of any share buy-back as follows:

   (a) In the case of a market acquisition, by 9.00 am on the market day following the day on which it purchased shares,

   (b) In the case of an off market acquisition under an equal access scheme, by 9.00 am on the second market day after the close of acceptances of the offer.

   (2) Notification must be in the form of Appendix 8.3.1 (or 8.3.2 for an issuer with a dual listing on another stock exchange)."

3. Shares Purchases will be made in accordance with the "Guidelines on Shares Purchases" as set out in Annexure A of the Company's Circular to Shareholders dated 5 July 2013 and amended to take into account the change in trading lots of 1,000 to 100, a copy of which is annexed. All information required under the Act relating to the shares purchase mandate is contained in the said Guidelines.

4. The SGX-ST Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times. However, as a listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will undertake not to purchase or acquire Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period commencing one (1) month immediately preceding the announcement of the Company's full-year and half year results and the period of two (2) weeks immediately preceding the announcement of its quarterly results.

APPENDIX 1

(G) Directors' Responsibility Statement

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

(H) Directors' Recommendation

The Directors of the Company are of the opinion that the renewal of the proposed Shares Purchase Mandate is in the best interests of the Company. Accordingly, the Directors of the Company recommend that shareholders vote in favour of Ordinary Resolution 9.

(I) Action to be Taken by Shareholders

If a shareholder is unable to attend the Annual General Meeting and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Annual Report in accordance with the instructions printed thereon as soon as possible and in any event so as to reach 150 Kampong Ampat, #04-01 KA Centre, Singapore 368324, not later than 48 hours before the time for holding the Annual General Meeting. Completion and return of the Proxy Form by a shareholder will not prevent him from attending and voting at the Annual General Meeting if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the Annual General Meeting.

(J) Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional tax advisers.

(K) Compliance with Governing Laws, Regulations and the Articles of Association

The Company confirms that the terms of the Share Purchase Mandate in this Appendix does not contravene any laws and regulations governing the Company and the articles of association of the Company.

(L) Documents for Inspection

Copies of the following documents may be inspected at the registered office of the Company at 150 Kampong Ampat, #04-01 KA Centre, Singapore 368324 during normal business hours up to and including the date of the Annual General Meeting:

(a) the Memorandum and Articles of Association of the Company; and

(b) the audited financial statements of the Company for the financial year ended 31 December 2014.

ANNEXURE A

GUIDELINES ON SHARES PURCHASES

1. Shareholders' Approval

(a) Purchases of Shares by the Company must be approved in advance by the Shareholders at a general meeting of the Company, by way of a general mandate.

(b) A general mandate authorising the purchase of Shares by the Company representing up to ten per cent (10%) of the issued ordinary shares in the capital of the Company (excluding any Shares held as Treasury Shares) will expire on the earlier of:

(i) the conclusion of the next AGM of the Company;

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting.

(c) The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares shall be renewed at the next AGM of the Company.

(d) When seeking Shareholders' approval for the renewal of the Share Purchase Mandate, the Company shall disclose details pertaining to the purchases of Shares made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest price for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2. Mode of Purchase

Share Purchases can be effected by the Company in either one of the following two ways or both:

(a) by way of market purchases of Shares on the SGX-ST, which means a purchase transacted through the ready market; or

(b) by way of off-market acquisitions on an equal access scheme in accordance with Section 76C of the Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Act and the Memorandum and Articles of the Company as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

3. Funding of Share Purchases

(a) In purchasing the Shares, the Company may only apply funds legally permitted for such purchase in accordance with its Articles, and the relevant laws and regulations enacted or prescribed by the relevant competent authorities in Singapore.

(b) Any purchase by the Company may be made out of capital or profits that are available for distribution as dividends, so long as the Company is solvent (as defined by Section 76F(4) of the Act).

(c) The Company may not purchase its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

ANNEXURE A

4. Trading Restrictions

The number of Shares which can be purchased pursuant to the Share Purchase Mandate is such number of Shares which represents up to a maximum of ten per cent (10%) of the issued ordinary shares in the capital of the Company (excluding Treasury Shares) as at date of the last AGM of the Company or at the date of the EGM, whichever is the higher.

5. Price Restrictions

Any Share Purchase undertaken by the Company shall be at the price of up to but not exceeding the maximum price at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed the sum constituting:

1. in the case of a Market Purchase, five per cent (5%) above the average closing price of the Shares over the period of five (5) Market Days in which transactions in the Shares on the SGX-ST were recorded, in the case of a Market Purchase, before the day on which such purchase is made; and

2. in the case of an Off-Market Purchase, twenty per cent (20%) above the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme,

and adjusted for any corporate action that occurs after the relevant five (5) day period.

6. Off-Market Purchases

(a) For purchases of Shares made by way of an Off-Market Purchase, the Company shall issue an offer document to all Shareholders. The offer document shall contain, inter alia, the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed Share Purchase;

(iv) the consequences, if any, of Shares purchase by the Company that will arise under the Singapore Code on Take-overs and Mergers or any other applicable take-over rules;

(v) whether the purchase of Shares, if made, would have any effect on the listing of the Company's securities on the SGX-ST;

(vi) details of any purchase of Shares made by the Company in the previous 12 months whether through Market Purchases or Off-Market Purchases, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases; and

(vii) whether the share purchased by the Company will be cancelled or kept as Treasury Shares.

(b) All Offeree Shareholders shall be given a reasonable opportunity to accept any offer made by the Company to purchase their Shares under the Share Purchase Mandate.

(c) The Company may offer to purchase Shares from time to time under the Share Purchase Mandate subject to the requirement that the terms of any offer to purchase Shares by the Company shall be *pari passu* in respect of all Offeree Shareholders save under the following circumstances:

 (i) where there are differences in consideration attributable to the fact that an offer relate to Shares with different dividend entitlements;

 (ii) where there are differences in consideration attributable to the fact that an offer relate to Shares with different amounts remaining unpaid; and

 (iii) where there are differences in an offer introduced solely to ensure that every Shareholder is left with a whole number of Shares in board lots of 100 Shares after the Share Purchases, in the event there are Offeree Shareholders holding odd numbers of Shares.

7. Status of Purchased Shares

The purchased Shares shall be cancelled immediately on purchase or acquisition unless held in treasury in accordance with Section 76H of the Act. Section 76H of the Act allows purchased Shares to be:

(i) held by the Company; or

(ii) dealt with, at any time, in accordance with Section 76K of the Act, as Treasury Shares.

Section 76K of the Act allows the Company to:

(i) sell the Shares (or any of them) for cash;

(ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the Shares (or any of them); or

(v) sell, transfer or otherwise use the Shares for such other purposes as may be prescribed by the Minister of Finance.

The aggregate number of Shares held as Treasury Shares shall not at any time exceed ten per cent (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months.

Any Share Purchase will:

(i) reduce the amount of the issued shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;

(ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or

(iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company;

by the total amount of the purchase price paid by the Company for the Shares cancelled.

ANNEXURE A

All Shares purchased by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act), will be automatically de-listed by the SGX-ST, and the certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase.

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares will be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of the Treasury Shares is allowed.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

8. Notification to ACRA

(a) Within thirty (30) days of the passing of a Shareholders' resolution to approve any purchase of Shares, the Company shall lodge a copy of such resolution with ACRA.

(b) The Company shall notify ACRA within thirty (30) days of a purchase of Shares. Such notification shall include details of the date of the purchase, the total number of Shares purchased by the Company, the issued Shares in the capital of the Company as at the date of the Shareholders' resolution approving the purchase, the Company's issued Shares in the capital after the purchase and the amount of consideration paid by the Company for the purchase.

(c) Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

9. Notification to the SGX-ST

(a) For purchases of Shares made by way of an Off-Market Purchase, the Company shall notify the SGX-ST in respect of any acquisition or purchase of Shares in the relevant form prescribed by the SGX-ST from time to time, not later than 9.00 a.m. on the second Market Day after the close of acceptances of an offer, or within such time period that may be prescribed by the SGX-ST from time to time.

(b) For purchases of Shares made by way of a Market Purchase, the Company shall notify the SGX-ST in respect of any acquisition or purchase of Shares in the relevant form prescribed by the SGX-ST from time to time, not later than 9.00 a.m. on the Market Day following the date of market acquisition by the Company, or within such time period that may be prescribed by the SGX-ST from time to time.

The notification of such purchase of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make necessary notification to the SGX-ST.

10. Suspension of Purchase

(a) The Company may not undertake any Share Purchase prior to the announcement of any price-sensitive information by the Company, until such time as the price sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual.

(b) The Company may not effect any repurchases of Shares on the SGX-ST during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before half year or financial year, as the case may be, and ending on the date of announcement of the relevant results.

SOUP RESTAURANT GROUP LIMITED
Company Registration No. 199103597Z
(Incorporated In The Republic of Singapore)

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

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of Soup Restaurant Group Limited (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			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, 30 April 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Payment of proposed one-tier tax-exempt final dividend		
3	Re-election of Mr Chua Koh Ming as a Director		
4	Re-election of Mr Saw Meng Tee as a Director		
5	Re-appointment of Professor Cham Tao Soon as a Director		
6	Approval of Directors' fees amounting to S$130,000/-		
7	Re-appointment of BDO LLP as Auditors		
8	Authority to issue shares		
9	Renewal of Share Purchase Mandate		

Dated this ____________ day of ____________ 2015

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

____

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

*Delete where inapplicable

Notes:

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

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint 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 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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 150 Kampong Ampat #04-01, KA Centre, Singapore 368324 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 15 April 2015.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

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SOUP RESTAURANT

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