Steady Growth

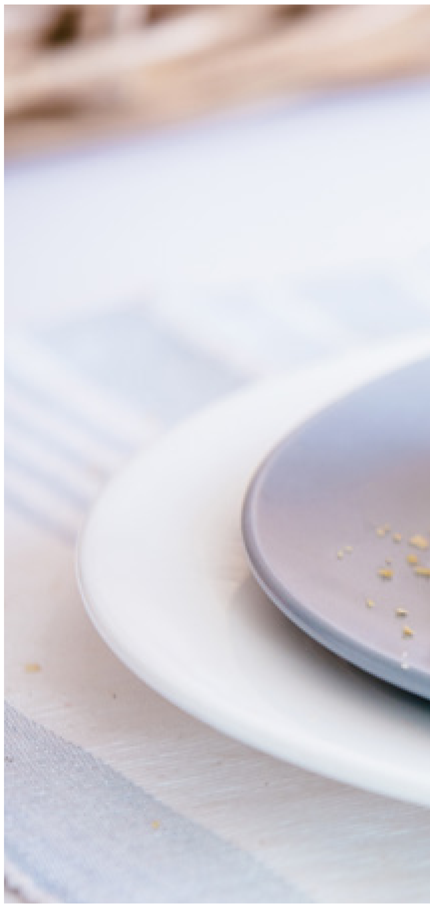
ANNUAL REPORT 2015

SELECT GROUP
Partners Preferred

Contents

VISION

To be the F&B Group with 1000 restaurants and establishments.



MISSION

- Provide quality services and products beyond customer expectations.
- Committed to partnerships.
- Invest, train and care for our people.
- Provide innovative solutions.

CORE VALUES

Integrity

We uphold our words and actions with honesty, transparency and accountability.

Drive And Determination

We go the extra mile and seek to give our utmost best in whatever we do and undertake.

Teamwork

We work with ONE heart and as ONE family, striving to achieve greater heights.

Quality

We provide customer satisfaction with product and service reliability.

Service

We deliver WOW to our customers beyond their expectations.

Innovation

We embrace change and think out of the box to accomplish goals.

Corporate Profile

Listed On The SGX-Catalist, Select® Has Been The Leading Food Service Provider To People From All Walks Of Life In Singapore For Over Two Decades.

The Group, led by Managing Director Mr Vincent Tan and his team of professionals, manages thousands of dedicated staff trained in all aspects of the food service industry. With our extensive experience in the F&B industry, the Group has established a substantial brand presence in Chinese fine dining, events catering, institutional catering, Thai casual dining, themed food courts, quick service restaurant as well as Hong Kong dessert chain.

As a reliable and professionally managed organisation, we adopt a pro-active stance in our relationship with clients. We respond to requests and enquiries promptly, and deliver a premium level of service backed by excellent infrastructure investment.

To stay competitive in the market and to meet the demands of our customers, Select Group is venturing into unique concepts that will bring together culture, traditions and food as well as continuous efforts in research and development.

Focusing on developing our workers to their fullest potential is one of the key areas of focus of Select Group. As an Approved Training Organisation by Workforce Development Authority and being committed to Workforce Skills Qualification training, we aim to mould our future together with our employees through well-structured on-job-training.

About Us

The Group consists of the following companies:

Peach Garden

Chinese restaurant chain serving Chinese cuisine in a warm and welcoming setting. With its classic and creative cuisine, Peach Garden is popular amongst celebrities, socialites and foreign dignitaries alike.

Stylze Catering

A premier catering arm specialising in western and international cuisine, emphasising innovation and sumptuous cuisine with a taste of class.

Stamford Catering Services

Specialises in complete catering services, with Halal certification to cater to a wider customer base for their important functions such as corporate events, home parties, weddings and high-end buffets.

Select Catering Services

Specialises in complete catering services for special events, household functions as well as delivery of meals.

Pro*3 Institutional Catering

Manages staff cafeterias at the premises of our corporate customers by providing services that comprise the whole supply chain of food and beverage procurement, menu planning and preparation, as well as the operation and maintenance of food service facilities.

Third Place

Third Place is a venue where people can sit, eat and mingle to discover more about each other. Disconnect to reconnect at Third Place, the dining cove where great conversations happen.

Hong Kong Sheng Kee Dessert

Conceptualized to introduce a culture of including desserts as part of dining, Hong Kong Sheng Kee Dessert serves a range of authentic Hong Kong style noodles, rice, snacks and desserts.

Hill Street Coffee Shop

Recreating the coffee experience that once populated the landscape of Singapore with freshly brewed local coffee, traditional steamed bread, and signature local delights.

Ipoh Lou Yau Bean Sprouts Chicken

Serving authentic Hor Fun imported direct from Ipoh, well-complemented with our specialty Kampong Chicken and quality Ipoh Bean Sprouts.

Lerk Thai

Offers a bountiful mix of authentic Thai cuisine, showcasing the artful skills of our team of Thai chefs.

Pho Street

Serving up a vibrant mix of Vietnamese delights, Pho Street aims to ignite the Vietnamese food culture in Singapore with an emphasis on pulsating Vietnamese cuisine from different regions.

Griddy

Created to respond to consumer's growing demand for quick-casual all-day dining food at affordable price, Griddy offers diners savoury and sweet waffles as well as Western mains welcoming diners to get greedy.

Texas Chicken

An innovative fast-food chain that serves big, juicy, crunchy and fresh chicken, along with signature sides and handcrafted honey-butter biscuits.

SCS Food Services

Manages the F&B hub at the Singapore Expo (Flavours East), and is also one of the food service providers of the Singapore Expo for its numerous international exhibitions, conventions and events.

Supertree Dining

An all-inclusive dining venue which features five distinctive F&B dining concepts in a common dining space. The five concepts include Peach Garden Noodle House, Hill Street Coffee Shop, Oriental Western Bistro, Bay Leaf Indian Curry House and Texas Chicken.

Singapore Food Trail

A unique nostalgic 1960s themed food street located at the iconic Singapore Flyer that serves a mouth-watering selection of some of Singapore's best hawker fare.

Chinatown Food Street

Located on Smith Street in the heart of Chinatown, Chinatown Food Street celebrates the assembly of specialty dishes from main Chinese dialects and the different races in Singapore, creating the most authentic Singapore dining experience for locals and tourists alike.

Singapore Food Street

A 1960s themed food street located at Changi Airport Terminal 3 Transit area that offers a diverse spread of local favourites that is nostalgic to the last bite.

Straits Food Village

Located at Changi Airport Terminal 2 Departure Lounge, Straits Food Village offers delectable local dishes served within the setting of a rural settlement, allowing diners to reminisce dining in Singapore's bygone era.

Universal Dining

Universal Dining is a conceptual dining project that aims to be a one-stop gateway to delicious fanfare of Singapore cuisine.

Select Food Management

Operates dedicated food court stalls and public cafeterias.

Chairman's Statement

Not only has our operational capability been expanded, the building is also symbolic of Select's transformation from merely an F&B service provider, to a lifestyle brand.

Dear Valued Shareholders,

A New Chapter

We look back at FY2015 with immense satisfaction as we achieved our next milestone. After 25 years of operations, we have a new facility and we have begun moving operations in. This is an extremely important milestone to the Group, as we have effectively expanded our operational space by more than three times, from 50,000sqf, to 165,000sqf. This means more can be done, and I am personally very excited at having boosted our potential. The hard work of reaching our full capacity begins in earnest, but my staff and I are looking forward to it. Already, our corporate office, catering operations and central kitchen have moved into our new building.

Not only has our operational capability been expanded, the building is also symbolic of Select's transformation from merely an F&B service provider, to a lifestyle brand. It is my hope that we will be able to attract more talent and professionals to join us.

FY2015 has been a tough year. The Group expanded quite modestly, the reason being we were fully focused on preparing our new facility and moving in. As such, we adopted a conservative expansion plan, with meticulous financial prudence.

Despite that, I am pleased to report that our revenue still grew by 8%, breaking the record set last year. More importantly, our profit grew 18%, as initiatives to enhance productivity and boost operational efficiencies kicked in.

FY2015 Financial Performance in Focus

The Group registered record turnover and net profit after tax of nearly $160 million and more than $7 million respectively in FY2015. We continue to focus on increasing the level of productivity in the Group. Some of the ongoing productivity initiatives undertaken by us include the streamlining of work processes which was started in FY2013 and the introduction of automation equipment at some of our operating outlets and central kitchen. This enhancement of productivity is made possible because of our strong commitment to exploring new ways of doing things, and the marrying of technology with human ingenuity in how we manage our food operations. Automation especially, has helped us ease the labour crunch that our sector faces. Some examples of how we have used automation to better the way we do things include:

- Automatic vegetable washer
- Autowoks
- A 40m food delivery conveyor from our central hot kitchen to the packing operation side of things

FY2015 Operational Performance in Focus

Allow me now to share with you the highlights from some of our business segments.

Food Catering

Our catering business continues to grow steadily. With our new facility, we have effectively doubled our capacity for catering and we will be focusing on growing this part of the business to optimise our operations. Some of the initiatives here include the introduction of new products, such as baby's full-month catering, products for takeaway, party meals and Halal tingkat. We will also be pushing out new themed buffets, such as Japan or Penang spreads.

Food Retail

Under our retail operations, we have our six key brands, namely: Hong Kong Sheng Kee Dessert, Hill Street Coffee Shop, Lerk Thai Restuarant, Pho Street, Griddy and Ipoh Lou Yau Bean Sprouts Chicken. In 2016, we will be opening up new spaces – Hong Kong Sheng Kee Noodle House at Hougang Cape View and Hill Street Coffee Shop in Marine Cove.

These are also the brands that enable Select to venture into the region. We have opened two Hong Kong Sheng Kee Dessert in Malaysia and we expect to open four more in 2016. The first Hill Street Coffee Shop and the first Pho Street are also expected to open in Kuala Lumpur in 2016.

Never content to rest on our laurels, we are also exploring a Hong Kong Sheng Kee Noodle House concept and this will be launched soon.

Chairman's Statement

Hub Services

Last year, we had obtained permission to renovate and expand the Straits Food Village we manage in Changi Airport Terminal 2, and I am pleased to report that it is now open. With nine food stalls and four mini-restaurants contained within, we look forward to their contributions to the Group.

Institutional Catering

We continue to develop our Third Place cafeteria concept as well, as we evolve its business model from just functioning as a cafeteria to adding offerings such as packed meals, operating as a mini-staff canteen and offering catering options as well. This has worked well so far, and we will be opening up a fourth Third Place cafeteria in the new MediaCorp building, Mediapolis @ One-North.

Peach Garden Restaurants

Peach Garden Restaurants have continued to do well. We will open our 10th establishment in Changi Airport Terminal 2 in May 2016.

Quick Service Restaurants

Texas Chicken has expanded with a new outlet at Hougang Cape View. This is in-line with our new strategy for Texas Chicken as we look to establish the brand in more heartland regions. Results of Texas Chicken have also steadily improved as we continue to strengthen our operations and marketing efforts.

VFresh

VFresh, which stands for "Very Fresh", is a new initiative the Group is embarking on and it is our foray into e-commerce. With our new facility, we have a huge storage space, which enables us to import in bulk from the region. This not only helps the Group to save on food costs and enhance our competitiveness, but also opens up a new avenue for business. VFresh will be our online platform to sell fresh products from our store as well as our own proprietary creations such as ready meals. We are in the process of designing the site, and creating the products to be sold on it. Watch out for this!

Future Outlook

Many analysts say that 2016 will be a difficult year. On that note, I would like to assure shareholders that the Group will remain prudent and expand cautiously. Our expansion will focus on what we do best, and not into any unfamiliar territory. Also, in the coming year, we will be focused on optimising our operations in our new facility.

On our regionalisation effort, we have established a good foothold in Malaysia, and we will be exploring opportunities in Indonesia, Vietnam, Myanmar and Cambodia. The middle income group in these countries are growing rapidly, and there are ample opportunities to introduce our retail concepts into these regions.

Corporate Social Responsibility

We have always believed in giving back to the society from which we benefit. Therefore corporate social responsibility ("CSR") has always been an integral part of our business. This year, in celebration of SG50, we rolled out two special programmes to benefit the community.

During the Chinese New Year, we partnered with our clients to open up their homes to host elderly who were living on their own. We received a very warm response, with a handful of our clients generously offering their homes for us to whip up a reunion meal for some 30 elderly.

Later in the year, we partnered schools to distribute free chicken rice to the foreign workers in our midst. The students visited their dormitories, chicken rice in hand, and even led the foreign workers in playing games. In an added twist to the initiative, we encouraged the general public to send in words of encouragement via our Facebook, and with every message we received, we donated an additional packet of chicken rice. All in all, 2,000 packets were distributed. Our Facebook also garnered 400,000 views during the campaign.

Training

I am delighted that last year, we clocked a total of 85,000 hours of training for our staff. This was recognised by the Workforce Development Agency, and we were awarded two awards in 2015: Most Supportive Employer as well as the Best Alumni of the Year. As a Group, we remain committed to training and this will be boosted with our in-house culinary training kitchen. Our staff benefits as they continually upgrade, and the Group benefits as we reap the benefits of enhanced productivity.

Dividend

The Group's achievements would not have been possible without the support of you, our valued shareholders. As thanks for your trust in the Group, the Board will be recommending a final dividend of 1 cent per share at the coming AGM.

In Gratitude

Let me end by thanking my Board, senior management, staff and shareholders for your commitment, hard work and unwavering support in the past years. I look forward to working hand-in-hand with each of you as we begin a new chapter of Select Group's progress.

Vincent Tan Chor Khoon
Managing Director

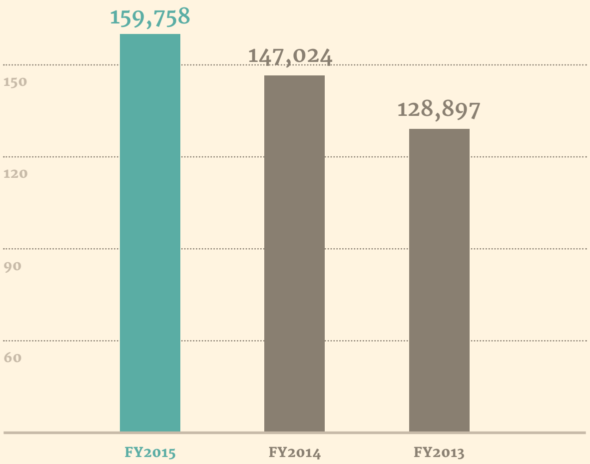
Financial Highlights

Revenue (S$'000)

159,758

↑ 8.7%

Increase from FY2014 $147,024

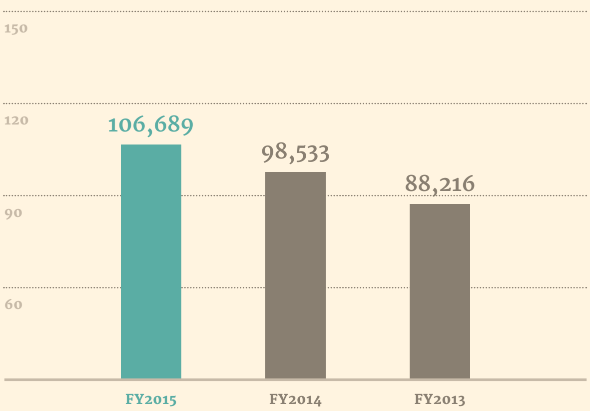


Gross Profit (S$'000)

106,609

↑ 8.0%

Increase from FY2014 $98,533

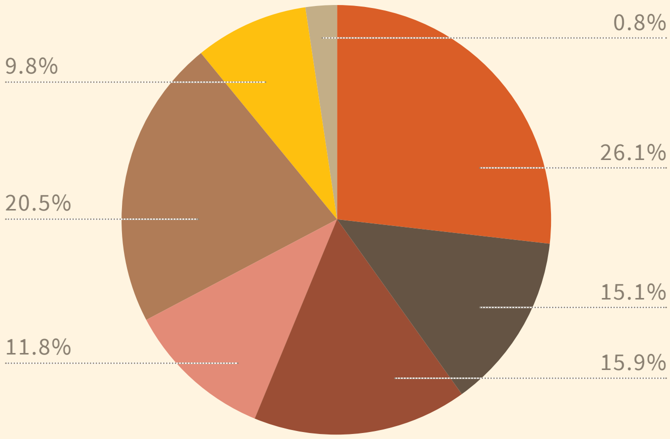


Summarised Consolidated Statement of Comprehensive Income (S$'000)	FY2015	FY2014	FY2013
Revenue	**159,758**	147,024	128,897
Comprehensive Income attributable to Shareholders	**7,170**	6,028	1,714

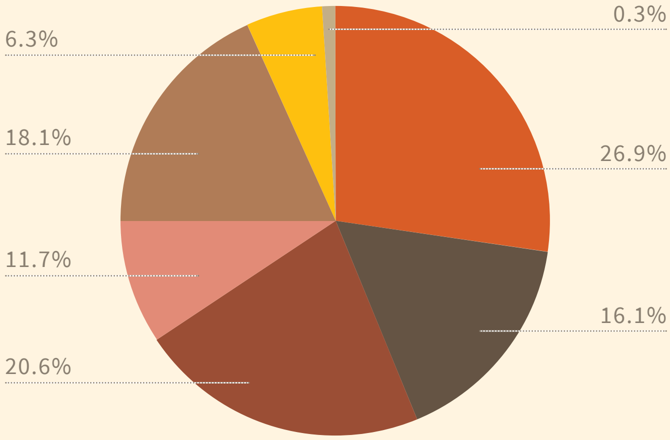
Summarised Statements of Financial Position (S$'000)	FY2015	FY2014	FY2013
Non-current assets	**81,299**	48,471	34,148
Current assets	**33,703**	28,677	23,514
Non-current liabilities	**(39,274)**	(18,081)	(6,820)
Current liabilities	**(50,828)**	(38,120)	(34,755)
Net asset value	**24,900**	20,947	16,087
Non-controlling interests	–	–	–
Net asset value attributable to Shareholders	**24,900**	20,947	16,087

Financial Ratios	FY2015	FY2014	FY2013
Earning per share (cents)	**5.04**	4.23	1.20
Profit before tax margin from continuing operations	**5.32%**	4.82%	1.13%
Profit margin from continuing operations, Net of tax	**4.49%**	4.10%	1.33%
Net assets value per share (cents)	**17.49**	14.71	11.30
Return on assets	**6.23%**	7.81%	2.97%
Return on equity	**28.80%**	28.78%	10.65%

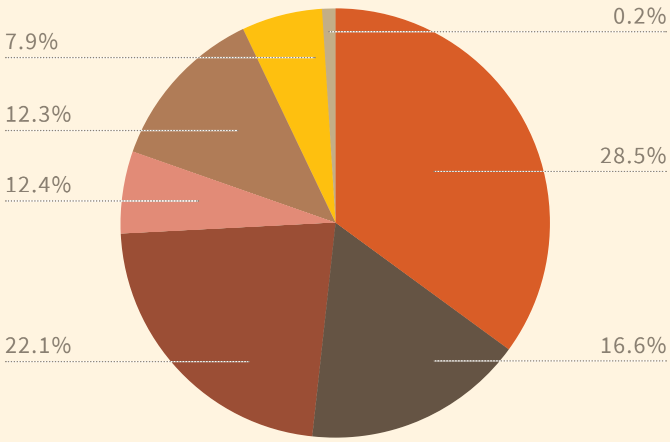
Revenue Mix FY2015



Revenue Mix FY2014



Revenue Mix FY2013



- Food Catering
- Food Retail
- Hub Services
- Institutional Catering
- Others
- Peach Garden
- Quick Service Restaurant

Financial Review

Consolidated Statement of Comprehensive Income

For the financial period ended 31 December 2015 ("FY2015"), the Group recorded a 8.7% or $12.73 million increase in revenue compared to the previous corresponding financial year ("FY2014"), mainly due to the contribution of revenue from new cafeterias launched in second half of FY2015 and significant growth in revenue from the food court segment. Food catering, food retail and fast food segments also experienced organic growth in revenue during FY2015. Consequently, the increase in revenue resulted in an increase in gross profit and cost of sales.

The Group posted a Profit After Tax (PAT) from continuing operations of $7.17 million for FY2015 compared to $6.03 million for FY2014, mainly due to better operating margin contributions from food courts, Peach Garden restaurants and food catering.

As a result of business growth, Marketing and Distribution costs and Administrative expenses (inclusive of depreciation expenses) increased by 27.1% and 13.5% respectively in comparison to FY2014. The increase in Marketing and Distribution costs was mainly due to marketing budget increased for new cafeterias launched during FY2015 and other retail brands. Administrative expenses (inclusive of depreciation expenses) was mainly due to the increase in manpower costs caused by the labour crunch during FY2015. Finance costs increased due to increase in interest expenses as additional bank loans taken up to finance the new cafeterias and the new HQ building during FY2015.

Repair and Maintenance and Upkeep of Motor Vehicles decreased was due to the replacement of some trucks in FY2015 which resulted in lower vehicle repair and upkeep costs, lower fuel costs incurred due to the lower energy price and lower repair and maintenance costs incurred for the old HQ building in view of the completion of new HQ building in early 2016.

Other credits increased mainly due to the increase of government grant received during FY2015 and reversal of impairment provided in prior years.

The increase in income tax expenses was the result of increase in taxable income for FY2015.

Statements of Financial Position

The increase of $32.75 million in Property, Plant And Equipment was attributed to the capitalisation of the costs of investment related to the new HQ building in progress.

Other assets (Non-Current and Current) increased by $1.46 million during FY2015 mainly due to prepayments and deposits paid for new cafeterias launched during FY2015 and advance and tender deposits paid for outlets and food courts.

Other financial liabilities (Non-Current and Current) increased by $27.25 million in FY2015 mainly due to the increase in bank borrowings for new cafeterias launched in FY2015 and new HQ building in progress.

Trade and other payables (Current) increased by $5.18 million mainly due to the increase in subcontractor payments for renovation works of cafeterias, food retail and fast food outlets and new HQ building in progress during FY2015.

Other Liabilities (Non-Current and Current) increased by $0.66 million in FY2015 due to increase in rental provision of rent-free periods for the new cafeterias launched in FY2015.

The group has a negative working capital (Total Current Assets less than Total Current Liabilities) for FY2015. Payments made for dividends and rental deposits during FY2015 reduced the current assets, while increases in provision of renovation works and rental provision of rent-free periods for new cafeterias, food retail and fast food outlets and progressive payment accrued for new HQ building in progress during FY2015 increased the current liabilities.

Consolidated Statement of Cash flows

The group's operations in FY2015 generated a net cash flow of $22.61 million from operating activities compared to $14.85 million in FY2014. The increase was due mainly to the increase in revenue and better net profit margin for FY2015.

The increase of cash used in investing activities was mainly due to the investment in new HQ building during FY2015. The increase in net cash flows from financing activities (not used in) was mainly due to new bank loans obtained in FY2015 for new HQ building in progress.

The increase in cash balance compared to FY2014 was mainly the results of the above.

Board of Directors

FROM LEFT TO RIGHT:

- Mr. Vincent Tan Chor Khoon
- Mdm. Ho Geok Choo
- Mr. Kwah Thiam Hock
- Mr. Jack Tan Choh Peng
- Mr. Michael Lai Kai Jin
- Mr. Adrian Lee Chye Cheng

Mr. Vincent Tan Chor Khoon
has been our Director since January 1995. He is the founder and Managing Director of our Company. Mr. Vincent Tan is responsible for the overall management, strategic planning and business development of our Group. Mr. Vincent Tan has over 20 years of experience in the F&B industry and is instrumental in the establishment, development and expansion of our Group's business.

Mdm. Ho Geok Choo
was appointed our Independent Director in April 2007. Mdm. Ho is the chairman of our Nominating Committee and has more than 30 years of experience in both GLCs and the private sector. She has been involved in human resource management, and business operations. She is the Chief Executive Officer of Human Capital (Singapore) Pte. Ltd. and an Adjunct Professor of UniSIM. She holds a degree in Political Science and Economics from the University of Singapore and a Master of Science in Asia Pacific HRM from NUS. Her vast experience and expertise have enabled her to value add human competitiveness to business excellence. She is on the Board of Trustees of NCCS Research Fund and Community Cancer Fund. She has contributed both to the public service and the business community in the various positions that she has held in the past.

Mr. Kwah Thiam Hock
was appointed our Independent Director in October 2004. He is the chairman of our Audit Committee. Mr. Kwah is an Independent Director on the Board of Wilmar International Ltd, Excelpoint Technology Ltd, Teho International Inc Ltd and IFS Capital Limited. Mr. Kwah graduated with a Bachelor of Accountancy from the University of Singapore in 1973. He is a Fellow Certified Public Accountant of Australia Society of Accountants and also a Fellow Member of both the Institute of Chartered Accountants of Singapore and the Association of Chartered Certified Accountant (UK).

Mr. Jack Tan Choh Peng
has been our Director since January 1995. He is the co-founder of our company. He has over 20 years of experience in the F&B industry and is instrumental in the development of our retail division. Mr. Tan is responsible for overseeing the business and sales development strategies of our themed food court, Thai casual dining, dessert chain, hor fun specialty, Vietnamese restaurant chain, traditional coffee chain and western concept. Mr. Tan also plays a key role in the overseas development of the Group.

Mr. Michael Lai Kai Jin
aged 46 was an independent director of the Company from 16 May 2008. He is the member of the Audit Committee, the Nomination Committee, Board Risk Committee and the Chairman of the Remuneration Committee. Mr. Lai was called to the Singapore Bar in 1995. He was formerly a partner of Messrs. Khattar Wong, one of the largest law firms in Singapore with offices in Singapore, Shanghai, Hanoi and Ho Chi Minh. Mr. Lai's practice focused on marine and admiralty law and has handled numerous legal disputes in the area of international trade, insurance and transport.

Mr. Lai is a director of Naga Corp Ltd, a company listed on the Hong Kong Stock Exchange as well as the Chairman of PV Keez Pte Ltd, a joint venture between Ezra Holdings Limited, Emas Offshore Limited, PetroVietnam Transportation Corporation and KSI Production Pte Ltd. Mr. Lai also sits on the committee of Skuld, a diversified international marine insurer. Mr. Lai currently holds the position of Group General Counsel and Head of Insurance of Ezra Holdings Limited.

Mr. Adrian Lee Chye Cheng
is a graduate in Finance from the University of Strathclyde, Glasgow. He brings with him valuable business experience from the corporate sector, both within and outside of Singapore. Mr. Lee is the director representing Jit Sun Investments Pte Ltd, the promoter of the company. He is currently the Managing Director of Loyz Energy Limited, a listed company on the Catalist board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Although heavily associated with the oil industry, he has been actively involved with the property, hospitality and the financial markets. Apart from holding directorships in Loyz Energy Ltd, and Interlink Petroleum Limited, a company listed on the Mumbai Stock Exchange, Mr. Lee also holds several directorships in several private companies across different industries including a not for profit charitable foundation. Mr. Lee's professional competence and valuable and rich multi-disciplinary experiences would be an immense asset to the company.

Key Management

FROM LEFT TO RIGHT:

- Mr. Vincent Tan Chor Khoon
- Mr. Jack Tan Choh Peng
- Mr. Deon Kwok
- Ms. Doris Pek
- Ms. Angela Ho
- Ms. Veronica Tan
- Mr. Keith To
- Mr. Eugene Lim

Mr. Vincent Tan Chor Khoon

has been our Director since January 1995. He is the founder and Managing Director of our Company. Mr. Vincent Tan is responsible for the overall management, strategic planning and business development of our Group. Mr. Vincent Tan has over 20 years of experience in the F&B industry and is instrumental in the establishments, development and expansion of our Group's business.

Mr. Jack Tan Choh Peng

has been our Director since 27 January 1995. Mr. Jack Tan is a co-founder of our company. He has over 20 years of experience in the F&B industry and is instrumental in the development of our retail division. Mr. Jack Tan is responsible for overseeing the business and sales development strategies of our themed food court, Thai casual dining, dessert chain, hor fun specialty, Vietnamese restaurant chain, traditional coffee chain and western concept. Mr. Jack Tan also plays a key role in the overseas development of the Group.

Mr. Deon Kwok

joined our group in August 2007 as a Group Financial Controller and was also appointed as the Group's Company Secretary on 15 January 2010. He has more than 19 years of financial and accounting experience in both professional and commercial firms, having held numerous senior management positions in various companies prior to joining the Group, including a stint as a Financial Controller of a firm listed on the Main Board of SGX.

Mr. Deon Kwok holds a Bachelor's Degree of Commerce, with a double-majored in Accounting and Finance, from Western Australia and he is a Certified Public Accountant and a member of Certified Public Accountant Australia and the Institute of Singapore Chartered Accountants.

Ms. Doris Pek

joined the Group in 1991 as Director of Human Resource and Administration, Learning and Development and Information Technology. She is responsible for the overall management of the Group's administrative, human resource, training and information system functions. Ms. Doris Pek spearheaded the implementation of our integrated IT system, human resource system as well as accounting and full operational processes. She also plays a vital role in strategic positioning and spearheads the improvement of work processes and productivity efforts of the Group.

Ms. Angela Ho And Ms. Veronica Tan

joined the Group in December 2008 as General Managers of Peach Garden Restaurant, bringing with them more than two decades of F&B experience. As a testament to their visionary entrepreneurship, Peach Garden celebrated its 13th Anniversary in 2015 since its humble beginning in 2002.

With their wealth of experience, Peach Garden has expanded further with the opening of a new restaurant in NTU, bringing its stable of restaurants to 5 restaurants, 2 Chinese dining outlets and 2 noodle houses as well as an award winning catering arm.

Mr. Keith To

joined the Group in August 2014 as Senior Director of Group Business Development. He has 35 years of diversified experience in F&B, retail, and service industries in the region with 31 years at senior management level. Holding an MBA degree from the Macquarie Graduate School of Management in Australia, Mr. To had held senior positions at leading F&B companies in the region such as Hong Kong Maxim's Group (9 years) and Crystal Jade Culinary Concepts Holding Pte Ltd in Singapore (10 years).

Mr. Eugene Lim

joined our Group as Director of Marketing in March 2014 and is responsible for leading the Group's overall marketing and branding strategy. He was previously Director of Marketing, Minor Food Group Singapore and was responsible for leading the Group's brand and marketing in Singapore as well as its regional markets between 2011 and 2014.

Mr. Eugene Lim has more than 13 years of hands on experience in strategic planning, business unit development and project management and has proven records of strategic market penetration in the business to consumer sector. His vast experience in advertising, retail and F&B industries and understanding the industry knowledge has brought about proven changes in the group.

OUR Core Business

01 Exquisite Chinese Dining

02 Events Catering

03 Staff Cafeteria & Institutional Catering

04 Eating House. Café. Bar

05 Dessert Chain

06 Traditional Coffee Chain

07 Thai Casual Dining

08 Hor Fun Specialty

09 Vietnamese Restaurant Chain

10 Western Concept

11 Quick Service Restaurant

12 F&B Hub Management

13 Themed Food Courts

01
Exquisite Chinese Dining

Renowned for their gastronomical treats, Peach Garden has received numerous accolades and awards including Singapore Top Restaurants from Wine & Dine, Singapore Tatler's Best Restaurant Guide and most recently, Singapore Tatler Best of Singapore 2015 – Best Caterer award. With its classic and creative cuisine, Peach Garden is popular amongst celebrities, socialites and foreign dignitaries alike.


01


01

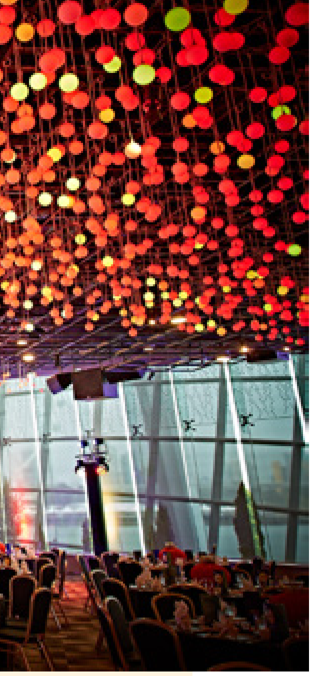
Peach Garden will be opening a Chinese dining outlet in Singapore Changi Airport Terminal Two in June 2016. This will expand its portfolio of restaurants to 5 restaurants, 3 Chinese dining outlets and 2 noodle houses.

On top of its award winning restaurants, Peach Garden also provides outdoor catering services for government events, state banquets, corporate functions, gala dinners, charity events and private function, catering to discerning individuals who prefer to dine in the privacy of their boardrooms or in the comfort of their homes. Peach Garden's private catering professionals listen to the clients' ideas, requirements and expectations to create memorable programmes, striving to tailor the best possible dining experience for every customer and their guests all the time.

Peach Garden Outdoor Catering Service has been reappointed as one of the official caterers for events held at Gardens by the Bay, as well as the likes of other premium venues. With an extensive portfolio, be it corporate events or wedding banquets, indoor or outdoor venues, Peach Garden Outdoor Catering Service is well-versed in putting together a delectable spread for every function.

In celebration of Singapore's Golden Jubilee, Peach Garden is running a series of SG50 related initiatives and thematic promotions throughout the year with its classic delicacies and new recipes alike. All restaurants are also introducing new ala carte menu through creative menu engineering.

Peach Garden will continue to uphold and improve on our food quality and service standard cum effective implementation and usage of technology to overcome the tight labour force without compromising on customers' dining experiences.



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Events Catering

Select Catering Services

Select Catering Services Pte Ltd has been a household brand name serving the population of Singapore for over two decades. We specialize in providing complete catering services for special events and functions as well as delivery of meals to work places and family units who prefer the convenience and time-saving option of prepared meals delivered right to their doorsteps.

Stamford Catering Services

Stamford Catering Services Pte Ltd was established in 2001, a halal certified catering arm that aims to serve a wider group of clienteles. Our inventive catering concepts, competitive pricing and extensive menus have positioned us as the leading catering outfit in Singapore that many customers approach for their important functions such as corporate benefits and corporate events, home parties, wedding as well as high-end buffets.

02

We take painstaking efforts to ensure that customers receive top quality food and services from us. The company has since achieved phenomenal growth in business development and brand recognition at all levels of the consumer and corporate market, catering to major events such as the 28th Southeast Asian (SEA) Games, inaugural Youth Olympic Games, StanChart Marathon, OCBC Cycle and many more.

Stylze Catering Services

Stylze Catering is the fine dining catering arm of Select Group. Established in July 2011, it places emphasis on great tasting food, chic buffet set-ups and professional service that is good value for money.

With the expertise to cater to indoor and outdoor, large and small-scale functions, Stylze Catering is set to impress guests with its wide-ranging menus from hearty western to swanky international to signature local fare. Complemented by personalised set-ups based on clients' preferred theme, the concept of enjoyment is taken one notch higher. Best of all, we have a team of well trained staff to dish out sound advice to customers about their catering needs that take into consideration their budgets.

Stylze Catering adds new dimensions to the catering arena. As we embrace innovation and our team of professional staff and handpicked chefs, Stylze Catering seeks to WOW customers beyond their expectations, satisfying even the most exacting palates.

03

03

Staff Cafeteria & Institutional Catering

Since 2001, we operate and manage staff cafeterias at the premises of our corporate customers from various industries in Singapore, serving an average of 40,000 patrons daily for their breakfast, lunch, dinner and supper.

Our services comprise the whole supply chain of food and beverage procurement, menu planning and preparation, as well as the operation and maintenance of food service and facilities at our customers' premises. Other integrated services include provision of on-site meals to our customers' employees, consultancy in terms of kitchen layout and design, assistance in licensing matters and general maintenance of cleanliness of dining premises.

05

04
Eating House. Cafe. Bar.

Holding three concepts within a brand; an Eating House, Café and Bar,Third Place exudes a warm and cosy ambience that is ideally suited for diners who want to enjoy great tasting local delights and international cuisines.

Sporting a creative and contemporary décor and theme at each unique location, the entire package of scent, sound, sight and social identity will complete the dining experience.

04

05
Dessert Chain

Hong Kong Sheng Kee Dessert was conceptualised to introduce a culture of including desserts as an integral part of dining, either as an indulging treat or a staple part of everyone's diet. This immensely successful concept now has 3 overseas outlets in Malaysia, Kuala Lumpur.

Using quality ingredients, Hong Kong Sheng Kee Dessert offers a tempting array of authentic Hong Kong style noodles such as Wanton Noodles and Zha Jiang Hor Fun. We also feature a savoury selection of Hong Kong snacks and rice dishes as well as refreshing beverages to whet diners' appetites. Diners can also choose from our range of comforting dim sums such as Yolky Custard Pau and HK Carrot Cake as well as irresistible signature desserts like SK Mango Pomelo Sago.

Moving forward, the Hong Kong Sheng Kee brand will see a lateral expansion in Q2 2016 to offer consumers a wider choice of tantalizing Hong Kong dim sum and noodle options with its new "Hong Kong Sheng Kee Noodle House" concept, due to open at Hougang Capeview. Reflecting the special meaning of our Chinese name '香港盛记甜品', where 盛 represents 茂盛 (prosperity), we will continue to grow from strength to strength locally and abroad.

06

06
Traditional Coffee Chain

Hill Street aims to recreate the coffee experience that once populated the landscapes of Singapore. You will be brought back to the early days of coffee shop culture where you will find yourself surrounded by the aroma of freshly-brewed coffee, strong flavours of Kaya, mosaic flooring, marble tables and the hustle and bustle of a coffee shop in the golden era.

With a cosy and welcoming environment for gatherings and chit-chat sessions, diners can enjoy our signature local delights such as steamed kaya butter bread set, kampong rendang chicken nasi lemak and local specialties such as laksa with their families and friends. We invite you to ponder over a cup of fragrant nanyang coffee while enjoying the heritage brought back to you by Hill Street Coffee Shop.

07
Thai Casual Dining

Lerk Thai offers a bountiful mix of authentic Thai cuisine, showcasing the artful skills of our team of Thai chefs. With the plethora of dips and pastes used in our cuisine, food lovers can now explore a wider selection of culinary delights at Lerk Thai. Having adjusted the level of spiciness to local palates, what you get is all the flavour of Thai cuisine with just the right level of spiciness.

Through popular demand, Lerk Thai also offers an off-premise event catering service. Through specially designed menus that cater to a variety of taste buds, the elegant selection of authentic Thai dishes prepared by our dedicated Thai chefs will style up your event and outline your warm and lush hospitality as a host.

07

08

08

Hor Fun Speciality

At Lou Yau, our Hor Fun are imported direct from Ipoh. Produced using the mineral-rich underground spring water from the mountainous region of Ipoh, our Ipoh Hor Fun has a delicately smooth and silky texture and is well-complemented by our specialty Kampong Chicken and quality Ipoh Bean Sprouts. Taste the difference at Lou Yau!

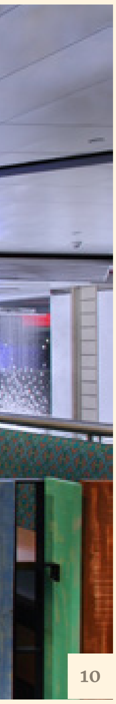
07

09

09

Vietnamese Restaurant Chain

Pho Street aims to ignite the Vietnamese food culture in Singapore with an emphasis on pulsating Vietnamese cuisine. Serving up a vibrant mix of Vietnamese delights from different regions in Vietnam as well as the healthy and tasty nature of Vietnamese fare, diners can indulge in our signature Beef and Chicken Pho, with the flavorsome stock promising to wet your taste buds. Pho Street also offers a wide variety of street snacks which includes the famous Summer Roll and Fresh Pork Spring Roll.



10

Western Concept

Griddy was created to respond to consumers' growing demand for quick-casual all-day dining food at affordable prices. From pasta with local flavours, value-for-money main courses, tempting side dishes paired with specially-crafted dips, as well as a full selection of dessert waffles, everyone will have something to whet their appetite at Griddy.

Diners can waffle down a Griddy Burger in either waffle or revel in a Spaghetti with Grilled Chicken and Salted Egg Yolk Sauce. For those who enjoy brunch-style food items, Griddy's The New Yoker will satisfy their palate. Sweet waffle creations such as Over the Rainbow and Rocher Banana are perfect post-meal decadence for the sweet-toothed diners. With a menu catered for indulgence at any time of the day, Griddy welcomes diners to get greedy at Griddy.

11

Quick Service Restaurant

Operating one of the largest quick-service chicken restaurants in the world, Texas Chicken serves big, juicy, crunchy and fresh chicken with signature sides and handcrafted honey-butter biscuits. We differentiate ourselves from competitors through the care and attention given in the preparation of food - it is made in small batches all day long to provide freshly-made and piping-hot meals for our patrons.

We position ourselves as the innovation leader in the chicken quick service restaurant category with our exceptional product quality and constant innovation. Our leadership position is established and maintained through a simple operating system, highly efficient facilities, strategic marketing and media programmes, innovative product research and development as well as state-of-the-art technology.

With a vision to serve quality products, Texas Chicken aims to leave a legacy in the market.

12

F&B Hub Management

SCS Food Services

The Group manages the F&B hub at the Singapore Expo (Flavours East), under the name of SCS Food Services; with an array of 16 food establishments offering Singaporean favourites spanning Chinese, North Indian, Thai and Western cuisines in an al fresco dining ambience.

SCS Food Services handles all aspects from conceptualisation, operation, to management of Flavours East, and is also one of the food service providers of the Singapore Expo for its numerous international exhibitions, conventions and events.

Supertree Dining

Supertree Dining provides an all-inclusive family dining experience in one of Singapore's icon - Gardens by the Bay. Located by Supertree Grove, Supertree Dining features five distinctive F&B dining concepts in a common dining space, from dim sum at Peach Garden Noodle House to hawker favourites like nasi lemak at Hill Street Coffee Shop to fast food at Texas Chicken.

Offering a diverse range of local and international cuisines to choose from, Supertree Dining caters to the different budgets and tastes of visitors to Gardens by the Bay. Coupled with communal seating, which allows for bonding time, there is something for everyone at Supertree Dining.

Supertree Dining features floor-to-ceiling glass windows, enabling diners to look out to the lush tropical surroundings as they bask in the natural sunlight that streams in while remaining comfortably sheltered. When night falls, diners can enjoy the light display on the Supertrees while savouring a wide range of local and international delights.

13
Themed Food Courts

Universal Dining
Universal Dining is a conceptual dining project conceived under Select Group's "Universal Dining" business model, the themed food courts at Changi Airport Terminal 2 and Singapore Expo are aptly named for their fanfare of Singapore cuisine.

The main idea of the development is to allow foodies a uniquely Singapore dining experience.

In the quest of being a food paradise for local cuisines, Universal Dining's biggest draw is that it is an easily accessible, one-stop gateway to a spread of savoury, zesty and delicious Singapore food, saving gastronomes the hassle of having to comb the island to satisfy their palates for our famed multi-racial and mouth-watering cuisines.

Singapore Food Trail
Singapore Food Trail is a unique 1960s themed food street in Singapore and an exciting dining attraction, located in the heart of the iconic Singapore Flyer, which will bring back fond memories of the good old days.

Set against the nostalgic backdrop of the swinging 60s, the Singapore Food Trail will transport visitors back to a bygone era, to a time when people savoured popular local delights along the road side. To bring back the nostalgic charm of olden Singapore, the Singapore Food Trail will feature specially-customised pushcarts and makeshift stalls along a tarmac road.

Apart from creating an authentic 60s atmosphere and décor, Singapore Food Trail will delight food lovers with a mouth-watering selection of some of Singapore's best hawker fare including famous local dishes such as Boon Tat Street Barbeque Seafood, Sin Ming Road Rong Chen Bak Kut Teh and old-time favourites like Ice Balls and Kachang Puteh.

Singaporeans can reminisce about those carefree days while tourists will be able to experience the rich flavour of Singapore's well-known food heritage in a one-of-a-kind dining experience.

Chinatown Food Street
The refreshed Chinatown Food Street ("CFS"), designed and managed by Select Group, celebrates the assembly of specialty dishes from the main Chinese dialects and the different races in Singapore, all under one roof. Located on Smith Street in the heart of Chinatown, the revitalised CFS seeks to create the most authentic Singapore dining experience for locals and tourists alike. From a tantalising plate of Char Kway Teow, to sticks of mouthwatering Satays, CFS offers a diverse spread of local delights, with iconic food from local cultures all represented on one street.


13


13

With street hawker stalls, shophouse restaurants and adhoc street kiosks, complete with al-fresco dining style along the street, one can revisit the Chinatown of old at CFS. Newly constructed high-ceiling glass canopy shelter and internal spot cooling system allow diners to indulge in culinary pleasures regardless of rain or shine. Now fully pedestrianised, visitors can dine in comfort along Smith Street from day to night.

Singapore Food Street

Singapore Food Street is a 1960s themed food street located at Changi Airport Terminal 3 Transit area. The assembly of Singapore's local delights in our iconic airport allows both locals and tourists to enjoy their favourite local dishes right before leaving the sunny shores of Singapore.

13

Beyond exciting food offerings, the Singapore Food Street showcases Singapore's diverse food culture and rich heritage. The spacious dining environment features intricate Peranakan-style decor and nostalgic-looking pushcarts seen in 1960s-Singapore, bringing diners back to the memorable era where many of the best meals were found at the roadsides.

Straits Food Village

Newly opened in December 2015, Straits Food Village is touted as "a rural settlement with sumptuous offerings of local and popular dishes". Bringing with it the nostalgic flavours of old school Singapore, it promises to bring you delicious local fare like the peppery Bak Kut Teh and the simply scrumptious Nasi Lemak. Reminiscent of the hawker experience of old, it has self-service ordering kiosks where you can get your food quickly and piping hot—just the way it is meant to be enjoyed. With the range of delectable delights well-priced and an ambience that is clean and comfortable, Straits Food Village makes the ideal spot to have a taste of Singapore you will not forget!

13

Group Structure

- **Select Group**
  - 100% Select Food Management Pte.Ltd.
    - 100% Select Food Management Sdn Bhd
  - 100% Third Place Cafeteria Pte.Ltd.
  - 100% V.Fresh Trading Pte. Ltd.
  - 100% Select Logistic Management Pte Ltd
  - 100% Select Food Management (UK) Pte.Ltd.
  - 100% Universal Dining Global Pte.Ltd.
  - 100% Supertree F & B Pte.Ltd.
  - 100% SCS Food Services Pte.Ltd.
  - 100% Lerk Thai Restaurant Pte.Ltd.
    - 30% Lerk Thai (M) Sdn Bhd
  - 100% Stamford Catering Services Pte.Ltd.
  - 100% Texas Chicken (Singapore) Pte.Ltd.
  - 100% Sheng Kee Dessert Pte.Ltd.
  - 100% Universal Dining Pte.Ltd.
    - 100% Universal Dining Sdn Bhd
  - 100% Sheng Kee Restaurant Sdn Bhd
  - 100% Pro*3 Institutional Catering Pte. Ltd.
  - 100% Select Catering Services Pte. Ltd.
  - 100% Hill Street Coffee Shop Pte. Ltd.
    - 100% Hill Street Shop Sdn Bhd
  - 100% Texas Chicken Restaurant Pte. Ltd.
  - 100% Stylze Catering Pte. Ltd.
  - 100% Lou Yau Bean Sprouts Chicken Pte. Ltd.
  - 100% Sheng Kee Restaurant Pte. Ltd.
  - 100% Texas Chicken (QSR) Pte. Ltd.
  - 100% Select Propety Management Pte.Ltd.
  - 100% Lou Yau Restaurant Pte. Ltd.
  - 100% Chinatown Food Street Pte. Ltd.
  - 100% Griddy Restaurant Pte. Ltd.
  - 100% Pho Street Restaurant Pte. Ltd.
    - 100% Pho Street Restaurant Sdn Bhd*
  - 100% Peach Garden @GBB Pte. Ltd
    - 100% Peach Garden (Novena) Pte. Ltd.
    - 100% Peach Garden Pte. Ltd.
    - 100% Peach Garden @33 Pte. Ltd.
    - 100% PG Restaurant Pte. Ltd.
  - 100% Peach Garden @OCC Pte. Ltd
  - 100% Peach Garden Restaurant Pte. Ltd.
  - 100% FR Kitchen Pte. Ltd.
  - 100% Select Logistic Management Pte. Ltd.
  - 100% RM Food Manufacturing Pte. Ltd.*

* **incorporated after 31 Dec 2015**

Corporate Information

Board Of Directors

Mr. Vincent Tan Chor Khoon
Executive Director

Mr. Jack Tan Choh Peng
Executive Director

Mr. Kwah Thiam Hock
Lead Independent Director

Mdm. Ho Geok Choo
Independent Director

Mr. Michael Lai Kai Jin
Independent Director

Mr. Adrian Lee Chye Cheng
Non-Executive Director

Audit Committee

Mr. Kwah Thiam Hock
(Chairman)

Mdm. Ho Geok Choo

Mr. Michael Lai Kai Jin

Nominating Committee

Mdm. Ho Geok Choo
(Chairman)

Mr. Kwah Thiam Hock

Mr. Vincent Tan Chor Khoon

Mr. Michael Lai Kai Jin

Remuneration Committee

Mr. Michael Lai Kai Jin
(Chairman)

Mr. Kwah Thiam Hock

Mdm. Ho Geok Choo

Board Risk Committee

Mr. Adrian Lee Chye Chen
(Chairman)

Mdm. Ho Geok Choo

Mr. Michael Lai Kai Jin

Secretary

Mr. Kwok Chi Biu
CA Singapore

Principal Bankers

Overseas-Chinese Banking
Corporation Limited
DBS Bank Ltd
United Overseas Bank Limited

Registered Office

24A Senoko South
Singapore 758099
Tel: (65) 6887 8300
Fax: (65) 6852 3335
Website: www.select.com.sg

Share Register

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

Auditors

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
8 Wilkie Road #04-08 Wilkie Edge
Singapore 228095
Partner-in-charge:
Mr. Paul Lee Seng Meng
(with effect from the financial
year ended 31 December 2015)

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INTRODUCTION

Select Group Limited ("**Select**" or the "**Company**") is committed to achieving high standards of corporate conduct to protect the interests of its shareholders and maximize long-term shareholders' value. The Board of Directors of Select (the "**Board**") recognizes the importance of having in place a set of well-defined corporate governance processes and good business practices to enhance corporate performance and accountability which is essential to the sustainability of Select's business and performance.

This report describes Select's corporate governance structures and practices that were in place throughout the financial year ended 31 December 2015, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") issued in May 2012.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs
Principle 2: Board's Composition and Guidance
Principle 6: Access to Information

The Board comprised 2 executive directors, 3 non-executive independent directors and 1 non-executive director. This composition complies with the code's requirement that at least half of the board should be made up of independent directors where the chairman of the board and the chief executive officer (or equivalent) is the same person. The Board has reviewed and is satisfied as to the independence of the respective independent directors. It should be noted that Mr Kwah Thiam Hock has served on the Board for more than 9 years from the date of his appointment. Mr Kwah Thiam Hock has developed significant insight in the Group's business and operations over time. He has continued to provide valuable contribution to the Board with his expertise and has demonstrated his independence when discharging his duties and responsibilities as independent director. Mr Kwah Thiam Hock declared his independence to the Board. The Board, having reviewed his independence, is of the view that Mr Kwah Thiam Hock shall continue to be considered as independent director.

Taking into account the scope and nature of the operations of the Company and other factors, the Board is of the opinion that its current size and composition is appropriate and reflects the broad range of experience, skills and knowledge necessary for the effective stewardship of the Group.

The Directors as at the date of this report are listed as follows:

Mr. Vincent Tan Chor Khoon	-	Chairman & Managing Director
Mr. Jack Tan Choh Peng	-	Executive Director
Mr. Kwah Thiam Hock	-	Lead Independent Director
Mdm. Ho Geok Choo	-	Independent Director
Mr. Michael Lai Kai Jin	-	Independent Director
Mr. Adrian Lee Chye Cheng	-	Non-executive Director

Mr. Jack Tan Choh Peng is a brother of Mr. Vincent Tan Chor Khoon.

The principal functions of the Board, apart from its statutory responsibilities, are:

1. overall supervision of the Company's management by focusing on growth strategies, investment, financial performance and internal policies;
2. reviewing and approving significant financial transactions in adherence to internal guidelines;
3. reviewing the effectiveness of internal controls systems at least annually and adequacy of accounting records;
4. reviewing and approving annual budget, major investment and divestment proposals, corporate or financial restructuring and Interested Person Transactions;
5. overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

Corporate Governance

6. approving the nomination and remuneration of board directors; and
7. assuming responsibility for good corporate governance practices.

To ensure greater accountability to shareholders, the Board has established various board committees ("**Board Committees**"), namely, the Audit Committee, the Nominating Committee, the Remuneration Committee and the Board Risk Committee. Membership in each of the Board committees comprises mainly independent and non-executive directors, who are not related to Mr. Vincent Tan.

The Company has adopted internal guidelines regarding material transactions which require board approval. Certain matters specifically reserved for decision by the Board are those relating to approval of announcements of financial results, approval of annual reports and financial statements, convening of shareholders' meetings, dividend payment, material acquisitions and disposal of assets and corporate restructuring matters.

Each Director has been appointed on the strength of his or her caliber, experience, grasps of corporate strategy and potential to contribute to the Company and its business. As each Director brings valuable insights from different perspectives vital to the strategic interests of the Company, the Board considers that the Directors possess the necessary competencies to provide management with a diverse and objective perspective on issues so to lead and govern the Company effectively.

To effectively discharge its duties, the Board has decided to meet a minimum of 2 times annually. However, ad hoc meetings will be convened when circumstances require. the Company secretary attends all meetings and is responsible for ensuring that Board procedures are observed. During the financial year, the Board has convened 4 meetings. The Directors' attendance of the Board and Board Committee meetings was as follows:

Board of Directors	Board of Directors Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting	Board Risk Committee Meeting
Tan Chor Khoon	4	N.A.	1	N.A.	N.A.
Tan Choh Peng	4	N.A.	N.A.	N.A.	N.A.
Kwah Thiam Hock	4	4	1	1	N.A.
Michael Lai Kai Jin	1	1	–	–	–
Ho Geok Choo	4	4	1	1	1
Adrian Lee Chye Cheng	4	N.A.	N.A.	N.A.	1

In support of the furtherance of the Board's duties, the Board, at all time, has independent, direct and separate access to the Managing Director, senior management team and the advice and services of the Company Secretary, who attends all Board meetings and is responsible for ensuring that Board meeting procedures are followed and that applicable rules, acts and regulations are complied with. Prior to each Board meeting and on an on-going basis, all Directors are provided with relevant management information for the Board to discharge their duties effectively in an informed manner. Directors are, from time to time, updated at Board meetings on relevant new laws, regulations and changing commercial risks. The Company also relies on Directors to update themselves on new laws, regulations, and changing commercial risks.

Should the Directors, whether as a group or individually, need independent professional advice, the Company will, upon direction by the Board, appoint a professional advisor approved by the Board to render the advice at the Company's expense.

Any new Director will undergo orientation with the Company, which includes meeting with the Company's Managing Director and senior management and an introduction to the business of Select. The Company also has a training budget for its Directors to attend courses and seminars, which is utilised on a need basis.

Corporate Governance

Principle 3: Chairman And Managing Director

Our Chairman, Mr. Vincent Tan, is also the Managing Director of Select. He is responsible for the Board's proceedings and actively updates the Board on strategic business issues and involves the Board in the business planning processes. The Chairman adopts the responsibilities stated in the Code in respect of the Chairman's role in board proceedings. The Board has a strong and independent element with the independent and non-executive directors making up more than half of the Board members. To ensure a sound system of internal controls to safeguard shareholders' investment and Company's assets, Select has appointed an independent internal auditor who reports directly to the Audit Committee to review the effectiveness of the Company's internal controls.

The Board, after careful consideration, is of the opinion that the need to separate the roles of the Chairman and Managing Director is not practical for Select as there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on the corporate affairs of Select by members of the Board, taking into account factors such as the number of independent directors on Board as well as the size and scope of the affairs and operations of Select.

Additionally, the Company has appointed Mr Kwah Thiam Hock as Lead Independent Director. As Lead Independent Director, he will address any concerns that shareholders may have and if the issues fail to be resolved or is inappropriate to be addressed by the Executive Chairman and Managing Director or Chief Financial Officer. Besides, the Lead Independent Director will lead the other independent directors to meet periodically without the presence of the other Directors and provide feedback to the Chairman after such meetings.

NOMINATING COMMITTEE

Principle 4: Board Membership
Principle 5: Board Performance

The Nominating Committee comprises one executive director and three non-executive independent directors and its Chairman of the Nominating Committee is a non-executive independent director. The members of the Nominating Committee at the date of this report are:

Chairman	Ho Geok Choo	(Independent)
Members	Kwah Thiam Hock	(Independent)
	Vincent Tan Chor Khoon	
	Michael Lai Kai Jin	(Independent)

The Nominating Committee met once during the financial year with the management of the Company. The attendance of individual directors at this meeting is shown in the table on Page 35. The primary responsibilities of the Nominating Committee shall be to:

- make recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the Board generally and the balance between executive and non- executive directors appointed to the Board;
- review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- identify and nominate candidates for the approval of the Board, determining annually whether or not a director is independent, to fill board vacancies as and when they arise as well as put in place plans for succession, in particular for the chairman and managing director;
- recommend directors who are retiring by rotation to be put forward for re-election;
- decide whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he/she has multiple board representations; and
- assess the effectiveness of the Board as a whole and the contribution of each individual director to the effectiveness of the Board.

When a vacancy arises, the Nominating Committee is tasked to seek suitable candidates through interviews of internal candidates, recommendations by executive search agencies, recommendations through the directors' own contacts and advertisements in the

Corporate Governance

media, if necessary. New directors are appointed by way of a Board resolution, after the Nominating Committee has approved their nominations. Such new directors submit themselves for re-election at the next annual general meeting of the Company (“AGM). The Company's Constitution requires one-third of the Board to retire by rotation at every AGM. Currently, the directors submit themselves for re-nomination and re-election at regular intervals.

All directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years. The dates of initial appointment and re-election of the Directors are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election
Tan Chor Khoon	Executive Chairman and Managing Director	27.01.1995	25.04.2013
Tan Choh Peng	Executive Director	27.01.1995	28.04.2015
Kwah Thiam Hock	Independent Director	26.10.2004	25.04.2014
Michael Lai Kai Jin	Independent Director	16.05.2008	28.04.2015
Ho Geok Choo	Independent Director	30.04.2007	25.04.2013
Adrian Lee Chye Cheng	Non-executive Director	24.02.2010	25.04.2014

The committee evaluates the Board’s performance as a whole and the contribution of each individual Director to the effectiveness of the Board. The parameters include Board composition, size and expertise, Board information and timeliness, Board commitment and accountability. During the financial year, all Directors are requested to complete a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The completed evaluation form are submitted to the Company Secretary for collation and the consolidated responses are presented to the Nominating Committee for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness. Following this year’s review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The financial indicators set out in the Code as guides for the evaluation of the Board and individual Directors’ performances are, in the Company’s opinion, less applicable. In any case, such financial indicators provide a snapshot of a company’s performance, and do not fully measure the sustainable long term wealth and value creation of the Company.

Information required in respect of the academic and professional qualifications of the Directors is set out in the “Board of Directors” section. Their directorships in other listed companies are tabled below. Information on shareholdings in the Company held by each Director is set out in the “Statement by Directors” section of the Annual Report. The Nominating Committee is of the opinion that the Directors, who have been classified as independent under the Corporate Information section, are indeed independent and the current size of the Board is adequate for the purpose of the Company.

Name of Director	Present	Past 3 years
Listed in Singapore		
Kwah Thiam Hock	IFS Capital Limited	
	Wilmar International Limited	
	Excelpoint Technology Ltd.	
	Teho International Inc Ltd.	
Adrian Lee Chye Cheng	Loyz Energy Limited	
Ho Geok Choo	Swissco Holdings Limited	
	Ezra Holdings Limited	
Listed Overseas		
Michael Lai Kai Jin	NagaCorp Ltd	Pan Asia Mining Limited
	Interlink Petroleum Limited	
Adrian Lee Chye Cheng	Interlink Petroleum Limited	

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Despite some of our Directors holding other directorships, the Board, taking into account the results of the assessment of the effectiveness of each Director and his actual conduct on the Board, has determined that the individual Directors have devoted sufficient time and attention to discharge their duties and responsibilities as Directors and to the affairs of the Company. As the time requirement of each Director is subjective, it is not necessary to prescribe a maximum number of listed company board representations that a Director may hold.

REMUNERATION COMMITTEE

Principle 7: Procedure for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The Remuneration Committee comprises three non-executive independent directors, and its Chairman is a non-executive independent director. The members of the Remuneration Committee at the date of this report are:

Chairman	Michael Lai Kai Jin	(Independent)
Members	Ho Geok Choo	(Independent)
	Kwah Thiam Hock	(Independent)

For the financial year under review, the Remuneration Committee met once with the management of the Company and all aspects of remuneration were reviewed and recommended. The attendance of individual directors at the meeting is shown in the table on Page 35. The committee is responsible for:

- reviewing and recommending to the Board, in consultation with the Chairman of the Board, a framework of remuneration and to determine all aspects of the specific remuneration packages and terms of employment for each of the executive directors and senior executives/divisional directors (those who report directly to the Chairman of the Company), including those employees related to the executive directors and controlling shareholders of the Company;
- reviewing and recommending to the Board, in consultation with the Chairman of the Board, any long term incentive scheme which may be set up from time to time and to do all acts necessary in connection therewith;
- reviewing and approving all aspects of the remuneration package of executive officers; and
- administering the Company's Employees' Share Option Scheme (the “Scheme”) and shall have all the powers as set out in the rules of the scheme.

No Director or member of the Remuneration Committee shall be involved in deciding his own remuneration, except for the provision of information and documents specially requested by the Remuneration Committee to assist in its deliberations. If necessary, the Remuneration Committee can obtain expert advice inside and/or outside the Company on remuneration of all Directors. The Remuneration Committee should ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affected the independence and objectivity of the remuneration consultants.

The independent directors receive directors’ fees in accordance with their contributions and responsibilities to the Company. Directors’ fees are recommended by the Board for approval at the Company’s AGM.

The executive directors do not receive directors’ fees. The remuneration for the executive directors and key executives comprise a basic salary and a variable component which include the annual bonus and profit sharing, based on the performance of the Company, individual performance and industry benchmark.

A breakdown showing the level and mix of the remuneration of each director and key executive officers for the financial year ended 31 December 2015 were as follows:

Corporate Governance

Name	Remuneration Band	Salary %	Bonus %	Directors' Fee %	Total %
Directors					
Tan Chor Khoon	Band C	51	49	–	100
Tan Choh Peng	Band C	58	42	–	100
Kwah Thiam Hock	Band A	–	–	100	100
Ho Geok Choo	Band A	–	–	100	100
Michael Lai Kai Jin	Band A	–	–	100	100
Adrian Lee Chye Cheng	Band A	–	–	100	100
Executive Officers					
Veronica Tan	Band B	62	38	–	100
Angela Ho	Band B	64	36	–	100
Doris Pek	Band A	83	17	–	100
Deon Kwok	Band B	82	18	–	100
Keith To	Band A	87	13	–	100
Eugene Lim	Band A	83	17	–	100

Band A means amounts up to $249,999.

Band B means amounts from $250,000 up to $499,999.

Band C means amounts greater than $500,000.

Mdm. Doris Pek is the wife of the Company's Managing Director Mr. Vincent Tan.

To maintain confidentiality and for competitive reasons, the breakdown of the remuneration of executive officers and the fees of Directors of the Company is not disclosed in this Annual Report.

No employee of the Company was an immediate family member of any Director and whose remuneration exceeded S$50,000 during the financial year ended 31 December 2015, except for Mdm. Doris Pek as disclosed above. "Immediate family member" means the spouse, child, adopted child, stepchild, brother, sister and parent.

The remuneration policy for the key management executives is guided by the National Wage Council guidelines and also takes into consideration the Company's performance and the responsibility and performance of individual executive officers and industry benchmark. During the financial year under review, none of the six executive officers of the Company is a relative of a Director or Chairman or substantial shareholder of the Company or any of its principal subsidiaries, except for Mdm. Doris Pek as disclosed above.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company for the reason that the executive directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the executive directors in the event of such breach of fiduciary duties.

Pursuant to Rule 704(10) of the Listing Manual, Section B: Rules of Catalist of the SGX-ST, the Company confirms that there are two personnel occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a Director, Managing Director or substantial shareholder of the Company. Details are as follows:

Corporate Governance

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mdm. Pek Poh Cheng	50	Wife of Mr. Tan Chor Khoon, Managing Director of Select Group Limited Sister-in-law of Mr. Tan Choh Peng, Executive Director of Select Group Limited	Director of HR, Training & IT 2013	No change
Mdm. Ang Suan Tin	62	Aunt-in-law of Mr. Tan Chor Khoon, Managing Director of Select Group Limited Aunt of Mdm. Pek Poh Cheng, Director of HR, Training & IT of Select Group Limited Aunt-in-law of Mr. Tan Choh Peng, Executive Director of Select Group Limited	Operation Manager 2008	No change

The Company has a Scheme and a performance share plan (the "Plan") in place. The Scheme and the Plan are currently administered by the Remuneration Committee in accordance with the rules of the Scheme and the Plan respectively.

Information on the Scheme and the Plan are disclosed in the Statement by Directors on pages 46 to 47.

BOARD RISK COMMITTEE

Principle 11: Risk Management And internal Controls

The Board recognises the importance of risk management in areas of significant risks to the Company's operations and maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. The Board annually reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Certain risk management policies and processes in place are highlighted in note 2 of the financial statements, under the caption fair value of financial instruments, provisions, segment reporting, critical judgements, assumptions and estimation uncertainties, and note 31 of the financial statements. The Company faces other industry-specific and company-related risks which are being monitored closely and managed as much as possible in line with business objectives. Generally, the Board relies on management to monitor day to day operations while subjecting key corporate decisions, such as investments or acquisitions of businesses to Board approval. The Company's performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board for further actions to be taken.

The Company has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place manage risks such as transferring them to third party insurers where feasible or having internal control procedures to better mitigate the likelihood of their occurrence. Internal audits will be regularly conducted to assess the ongoing compliance with the established controls.

Corporate Governance

The Board announced the establishment of the Board Risk Committee of the Company with effect from 16 August 2013. The Board Risk Committee is responsible for overseeing the Company's risk management framework and policies with the assistance of the internal and external auditors. The Board Risk Committee comprises the following members:

Chairman	Adrian Lee Chye Cheng	(Non-executive)
Members	Ho Geok Choo	(Independent)
	Michael Lai Kai Jin	(Independent)

The Company has established a Risk Assessment Framework and recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the management and the Board, working as a team. The Board, on an on-going basis, has considered the key risks to the Company and the corresponding internal controls. The internal control measures aim to better ensure that the Company's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The Company, assisted by the internal auditors, has documented and summarized the material risks faced by the Company and the counter-measures in place to manage or mitigate those risks for the review by the Board and the Audit Committee for the financial year under review. The documentation provides an overview of the Company's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanism in place. It allows the Company to address the on-going changes and the challenges in the business environment and reduces uncertainties. On a half-yearly basis, management reports to the Board Risk Committee on the Company's risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as planned.

The Board has received assurance from the CEO and the CFO that the Company's risk management and internal control systems in place is adequate and effective in addressing the material risks in the Company including that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's business operations and finances.

Based on the framework of risk management controls and internal controls established and maintained in the Company, the work performed by the internal auditors, the reviews undertaken by the external auditors as part of their statutory audit, the written assurance from the CEO and CFO respectively on the overall risk management system, system of internal controls and the proper maintenance of financial records, the Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls addressing financial, operational, compliance and information technology risks are adequate as at 31 December 2015.

AUDIT COMMITTEE

Principle 12: Establishment Of Audit Committee With Written Terms Of Reference

The Audit Committee comprises three non-executive independent directors and its Chairman is a non-executive independent director. The members of the Audit Committee at the date of this report are:

Chairman	Kwah Thiam Hock	(Independent)
Members	Ho Geok Choo	(Independent)
	Michael Lai Kai Jin	(Independent)

During the financial year, the Audit Committee has met 4 times with management and the external auditors of the Company. The attendance of individual directors at these meetings is shown in the table on Page 35. The Audit Committee meets with the external auditors without the presence of the management, at least annually. The main functions of the Audit Committee are as follows:

- review the audit plan of the Company's external auditors, their evaluation of the system of internal controls and auditors' report;
- review significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;

Corporate Governance

- review and discuss with the external auditors any suspected fraud or irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the management's response;
- review the independence and objectivity of external auditors, nomination of the external auditors for appointment or re-appointment and approving the remuneration and terms of engagement of the external auditor;
- review all interested person transactions to ensure that they comply with the approved internal control procedures and have been conducted on an arm's length basis;
- review the scope and result of the internal audit procedures and the cost effectiveness of the audit, and discuss with the internal auditors on internal audit findings and reports;
- perform such other functions and duties as may be required by the relevant laws or provisions of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST; and
- review the adequacy and effectiveness of the Company's internal controls, which comprise internal financial controls, operational and compliance controls, and risk management policies and systems established by the management.

The Audit Committee has full access to and co-operation of management. The Audit Committee also has full discretion to invite any Director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions properly.

The Audit Committee has undertaken a review of the fees and expenses paid to the external auditors, including fees paid for non-audit services, during the financial year and is of the opinion that the external auditor's independence has not been compromised. The aggregate amount of fees payable to the external auditors for the audit services and non-audit services amounted to S$342,000 and S$122,000 respectively during the financial year under review. The review of the independence of the external auditors is done annually.

The Audit Committee recommends to the Board that Messrs RSM Chio Lim LLP be nominated for re-appointment as the external auditors of the Company at the forthcoming AGM. Messrs RSM Malaysia and Crowe Horwath Malaysia are the appointed external auditors of certain overseas subsidiaries of the Company, namely, Sheng Kee Restaurant Sdn Bhd and Select Food Management Sdn Bhd, respectively. The Board and Audit Committee are satisfied that the appointment of different external auditors would not compromise the standard and effectiveness of the audit of the Company, and that Rules 712 and 716 of the SGX-ST Listing Manual (Section B: Rules of Catalist) has been compiled with.

The Audit Committee is kept abreast by the Company and the external auditors of changes to accounting standards and issues which could have a direct impact on the Company's business and financial statements.

Minutes of the Committee's meetings are circulated to the directors of the Company by the Company Secretary. In the opinion of the Directors, the Company complies with the Code of Corporate Governance on Audit Committees.

The Company has adopted a whistle-blowing policy, which the audit committee reviews periodically, in compliance with the recommendations of the Code.

INTERNAL AUDIT

Principle 13: Independent Internal Audit Function

The Board acknowledges that it is responsible for ensuring that the management maintains a sound system of internal controls to safeguard the investments of shareholders and the Company's assets. Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, were adequate.

The internal audit function is outsourced to BDO LLP who report primarily to the Audit Committee. BDO LLP is an international auditing firm and they perform their work based on the BDO Global Internal Audit Methodology which is consistent with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

Corporate Governance

The Audit Committee reviews and approves the internal audit plan submitted by the internal audit function. On an ongoing basis, the internal audit function reports to the Audit Committee any significant weaknesses and risks identified in the course of internal audits conducted. Recommendations to address control weaknesses are further reviewed by the internal audit function based on implementation dates agreed with the Management.

The Audit Committee also reviews, at least annually, the adequacy and effectiveness of the internal audit function including the qualifications and experience of the internal audit staff assigned to perform the reviews.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Notice of the 2015 AGM has been given to the shareholders at least 14 days prior to the meeting date. The Company ensures that its shareholders have the opportunity to participate effectively in and vote at the general meeting and the information on the rules, including voting procedures that govern general meetings have been provided to the shareholders. The Company has informed its shareholders on the changes in the Company or business which would likely materially affect the price or value of the Company's shares via SGXNET, the Company's website, press releases and other appropriate channels.

The Constitution of the Company provide for a shareholder to appoint up to two proxies to attend and vote in his stead. There is currently no provision in the Company's Constitution to allow for other absentia voting methods such as by mail, email, fax until security, integrity, legitimacy and other issues are satisfactorily resolved.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 10: Accountability
Principle 15: Communication with Shareholders
Principle 16: Greater Shareholder Participation

The Board, when presenting annual financial statements and announcements, seeks to provide the shareholders with an analysis, explanation and assessment of the Company's financial position and prospects. Detailed monthly management accounts are readily available and accessible to the Board at all times.

The Company strives to convey to shareholders pertinent price-sensitive information in a clear, detailed and timely manner and on a regular basis. The Company publishes its half-year and full-year results through the SGXNET and news releases. Where there is inadvertent disclosure made to a selected group, the Company targets to make the same disclosure publicly as soon as practicable. The Company strives to respond to enquiries from investors, analysts, fund managers and the press. Press releases on major developments of the Company are made on a timely basis. Shareholders can access information on the Company from the Company's website at www.select.com.sg.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on ad hoc basis. Shareholders are informed of shareholders' meetings through notices published in the Annual Report sent to all shareholders and the SGXNET.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the annual report of the Company and notice of AGM. At the AGM, shareholders will be given opportunity to voice their views and to direct questions regarding the Company to the Directors. The Chairman of the Audit Committee, Nominating Committee and Remuneration Committee would be present at the AGM to answer any question relating to the work of these committees. Shareholders are given the right to vote on the resolutions at general meetings. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Each distinct issue will be carried in a separate resolution. Pursuant to Rule 730A(2) of the Listing Manual, all resolutions proposed at the 2016 AGM and at any adjournment thereof shall be put to the vote by way of poll. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company

Corporate Governance

will not implement voting in absentia by mail, email or fax. Minutes of the general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with the responses from the Board and management are prepared and confirmed as true record of the proceedings of the general meetings. The minutes of the general meetings are made available to the shareholders upon request.

SECURITIES TRANSACTIONS

The Company complies with the best practices on dealings in securities and adopts a set of Policy and Guidelines for Dealings in the Company's securities. The Policy and Guidelines provides guidance to the Company's officers and certain employees with regard to dealings by the Company and themselves in the Company's securities. Specifically, the Company and these officers and employees are restricted from trading in the Company's securities during the period falling one month prior to announcements of the Company's half-year and full year financial results and ending on the date of such announcements. These employees include senior management staff and certain other employees in departments which are likely to be privy to confidential material and price-sensitive information. The Policy and Guidelines also reminds employees and Directors to be mindful of the insider trading prohibitions under the Securities and Futures Act, Cap. 289 whenever trading in the Company's or any other corporation's securities, and not to deal in the Company's securities on short-term considerations. To the best of our knowledge, no officer of the Company has dealt in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at arm's length basis. During the financial year ended 31 December 2015, the aggregate value of all interested party transactions is tabled as follow:

Name of interested person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (S$'000)
Wisteria Hotel Management Pte. Ltd. (A subsidiary of the controlling shareholder, Jit Sun Investments Pte. Ltd.)	300	NIL

MATERIAL CONTRACTS

There are no material contracts of the Company or any of its subsidiaries involving the interest of the Managing Director or any director or controlling shareholder that were (i) entered into during the financial year under review and up to the date of this report; or (ii) subsisting at 31 December 2015.

NON-SPONSOR FEES

There are no non-sponsor fees paid to the Sponsor for the financial year ended 31 December 2015.

STATEMENT OF COMPLIANCE

The Board confirms that for the financial year ended 31 December 2015, the Company has generally adhered to the principles and guidelines as set out in the Code.

Statement by Directors

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the group for the reporting year ended 31 December 2015.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

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

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS IN OFFICE AT DATE OF STATEMENT

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

Executive directors
Mr. Tan Chor Khoon
Mr. Tan Choh Peng

Non-Executive director
Mr. Lee Chye Cheng Adrian

Independent directors
Mr. Kwah Thiam Hock
Mr. Lai Kai Jin Michael
Mdm. Ho Geok Choo

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

	Direct interest		Deemed interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
The Company	**Number of shares of no par value**			
Mr. Tan Chor Khoon	19,206,400	19,481,900	10,875,200	10,875,200
Mr. Tan Choh Peng	3,109,800	3,109,800	9,500,000	9,500,000

Statement by Directors

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of section 7 of the Companies Act, Chapter 50, Mr. Tan Chor Khoon is deemed to have an interest in all the related corporations of the Company.

The directors' interests as at 21 January 2016 were the same as those at the end of the reporting year.

4. ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

5. OPTIONS

At an extraordinary general meeting held on 28 October 2004, the shareholders of the Company approved the "Select Employee Share Option Scheme" (the "Scheme").

The Scheme provides eligible participants with an opportunity to participate in the equity of the Company as well as to motivate them to perform better through increased loyalty and dedication to the group. The Scheme, which forms an integral and important component of the group's remuneration and compensation plan, is designed to primarily reward and retain executive directors and employees whose services are crucial to the group's well being, development and success.

Executive, non-executive and independent directors and full-time employees of the group are eligible to participate in the Scheme. Directors who are controlling shareholders of the Company and their associates are not eligible to participate in the Scheme.

The total number of shares over which options may be granted shall not exceed 15% of the issued share capital of the Company on the day preceding the date of the relevant grant.

A committee is charged with the administration of the Scheme in accordance with the rules of the Scheme. The Scheme Committee (the "Scheme Committee") consists of directors (including directors who may be participants of the Scheme) with powers to determine, inter alia, the (a) persons to be granted options; (b) number of options to be offered; and (c) recommendations for modifications to the Scheme. The Scheme Committee comprises members of the Remuneration Committee. A member of the Scheme Committee who is also a participant of the Scheme must not be involved in its deliberation in respect of options granted or to be granted to him.

The exercise price for each share in respect of which an option is exercisable shall be determined by the Scheme Committee at its absolute discretion and fixed by the Scheme Committee at: (a) a price equal to the average of the last dealt prices for a share on the Catalist for the period of five consecutive market days immediately prior to the relevant date of the grant ("market price") but not less than its par value ("market price options"); or (b) a price which is set at a discount to the market price, provided that the maximum discount shall not exceed 20% of the market price but not less than its par value. Options granted at a discount are exercisable after 2 years from the date of grant. Other options are exercisable after one year from date of grant.

Options must be exercised before the expiry of 10 years from the date of grant in the case of employees and before the expiry of 5 years in the case of non-executive directors and independent directors or such earlier date as may be determined by the Scheme Committee. There are special provisions dealing with the lapsing or permitting the earlier exercise of options under certain circumstances including termination, bankruptcy and death of the participants, take-over and winding-up of the Company.

Statement by Directors

During the reporting year, no options to take up unissued shares of the Company or any corporation in the group were granted, and there were no shares of the Company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the Company or any corporation in the group under option.

6. AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Mr. Kwah Thiam Hock	(Chairman of audit committee and independent director)
Mr. Lai Kai Jin Michael	(Independent director)
Mdm. Ho Geok Choo	(Independent director)

The audit committee performs the functions specified by section 201B(5) of the Companies Act. Among others, it performed the following functions:

- Reviewed with the independent external auditors their audit plan.
- Reviewed with the independent external auditors their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditors the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditors.
- Reviewed the financial statements of the group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report. It also includes an explanation of how independent auditors' objectivity and independence are safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP be nominated for re-appointment as independent auditors at the next annual general meeting of the Company.

7. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2015.

Statement by Directors

8. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the Company's preliminary financial statements, as announced on 29 February 2016, which would materially affect the group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

....	....
Tan Chor Khoon	Tan Choh Peng
Director	Director

5 April 2016

Independent Auditor's Report

To the Members of SELECT GROUP LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Select Group Limited (the "Company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the Company for the reporting year then ended, and significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

Independent Auditor's Report

To the Members of SELECT GROUP LIMITED

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 financial position of the group and the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the group and the changes in equity of the Company for the reporting year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

5 April 2016

Partner-in-charge of audit: Paul Lee Seng Meng
Effective from reporting year ended 31 December 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	4	159,758	147,024
Cost of sales		(53,069)	(48,491)
Gross profit		106,689	98,533
Other items of income			
Interest income	5	–	3
Other gains	6	3,269	2,392
Other items of expense			
Marketing and distribution costs		(3,697)	(2,909)
Administrative expenses	8	(69,735)	(61,470)
Finance costs	7	(601)	(353)
Other operating expenses	9	(26,851)	(28,699)
Other losses	6	(572)	(406)
Profit before tax from continuing operations		8,502	7,091
Income tax expense	10	(1,332)	(1,063)
Profit from continuing operations, net of tax		7,170	6,028
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		58	113
Other comprehensive income for the year, net of tax		58	113
Total comprehensive income for the year		7,228	6,141
Earnings per share			
Earnings per share currency unit		**Cents**	**Cents**
Basic	11	5.04	4.23
Diluted	11	5.04	4.23

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

Statements of Financial Position

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	72,332	39,579	505	633
Intangible assets	13	5,761	5,968	–	–
Investment properties	14	516	546	516	546
Investments in subsidiaries	15	–	–	15,643	15,643
Investments in associate	16	–	–	–	–
Deferred tax assets	10	161	333	61	247
Other receivables, non-current	17	–	–	24,429	12,541
Other financial asset, non-current	18	–	–	–	–
Other assets, non-current	21	2,529	2,045	–	–
Total non-current assets		81,299	48,471	41,154	29,610
Current assets					
Inventories	19	2,146	2,027	–	–
Trade and other receivables, current	20	5,842	6,226	8,275	11,435
Other assets, current	21	4,441	3,463	410	201
Cash and cash equivalents	22	21,274	16,961	1,377	2,569
Total current assets		33,703	28,677	10,062	14,205
Total assets		115,002	77,148	51,216	43,815
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	15,284	15,284	15,284	15,284
Retained earnings		9,511	5,616	11,252	6,532
Foreign currency reserve		105	47	–	–
Total equity		24,900	20,947	26,536	21,816
Non-current liabilities					
Deferred tax liabilities	10	1,687	1,608	–	–
Other payables, non-current	26	–	–	11,956	13,847
Other financial liabilities, non-current	25	35,341	13,583	2,993	2,174
Other liabilities, non-current	28	1,490	1,874	–	–
Provisions, non-current	29	756	1,016	–	–
Total non-current liabilities		39,274	18,081	14,949	16,021
Current liabilities					
Income tax payable		1,800	1,135	103	–
Trade and other payables, current	27	34,307	29,128	1,697	2,077
Other financial liabilities, current	25	11,986	6,493	7,931	3,901
Other liabilities, current	28	2,404	1,364	–	–
Provisions, current	29	331	–	–	–
Total current liabilities		50,828	38,120	9,731	5,978
Total liabilities		90,102	56,201	24,680	21,999
Total equity and liabilities		115,002	77,148	51,216	43,815

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

Statements of Changes in Equity

Year Ended 31 December 2015

Group	Total Equity $'000	Share Capital $'000	Retained Earnings $'000	Foreign Currency Reserve $'000
Current year:				
Opening balance at 1 January 2015	20,947	15,284	5,616	47
Movement in equity:				
Total comprehensive income for the year	7,228	–	7,170	58
Dividends paid (Note 30)	(3,275)	–	(3,275)	–
Closing balance at 31 December 2015	24,900	15,284	9,511	105
Previous year:				
Opening balance at 1 January 2014	16,087	15,284	869	(66)
Movements in equity:				
Total comprehensive income for the year	6,141	–	6,028	113
Dividends paid (Note 30)	(1,281)	–	(1,281)	–
Closing balance at 31 December 2014	20,947	15,284	5,616	47

Company	Total Equity $'000	Share Capital $'000	Retained Earnings $'000
Current year:			
Opening balance at 1 January 2015	21,816	15,284	6,532
Movement in equity:			
Total comprehensive income for the year	7,995	–	7,995
Dividends paid (Note 30)	(3,275)	–	(3,275)
Closing balance at 31 December 2015	26,536	15,284	11,252
Previous year:			
Opening balance at 1 January 2014	17,910	15,284	2,626
Movements in equity:			
Total comprehensive income for the year	5,187	–	5,187
Dividends paid (Note 30)	(1,281)	–	(1,281)
Closing balance at 31 December 2014	21,816	15,284	6,532

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2015

	Group	
	2015 $'000	2014 $'000
Cash flows from operating activities		
Profit before tax	8,502	7,091
Adjustments for:		
Interest income	–	(3)
Interest expense	601	353
Amortisation of other intangible assets	207	207
Depreciation of property, plant and equipment	7,638	6,690
Depreciation of investment property	30	30
(Gain)/loss on disposal of plant and equipment	(25)	15
Plant and equipment written off	–	364
Impairment of plant and equipment	521	–
Reversal of reinstatement cost	(14)	(49)
Net effect of exchange rate changes in consolidating subsidiaries	59	114
Operating cash flows before working capital changes	17,519	14,812
Inventories	(119)	205
Trade and other receivables, current	384	(966)
Other assets, current	(978)	491
Trade and other payables, current	5,179	737
Other liabilities, current	1,040	(338)
Net cash flows from operations	23,025	14,941
Income tax paid	(416)	(93)
Net cash flows from operating activities	22,609	14,848
Cash flows from investing activities		
Disposal of plant and equipment	62	853
Purchase of plant and equipment	(39,427)	(22,605)
Other assets, non-current	(484)	308
Interest received	–	3
Net cash flows used in investing activities	(39,849)	(21,441)
Cash flows from financing activities		
Dividends paid to equity owners	(3,275)	(1,281)
Increase from new borrowings	27,536	15,558
Decrease in other financial liabilities	(1,062)	(3,231)
Cash restricted in use	–	498
Other liabilities, non-current	(384)	609
Interest paid	(917)	(408)
Net cash flows from financing activities	21,898	11,745
Net increase in cash and cash equivalents	4,658	5,152
Cash and cash equivalents, statement of cash flows, beginning balance	14,359	9,207
Cash and cash equivalents, statement of cash flows, ending balance (Note 22A)	19,017	14,359

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

Notes to the Financial Statements

31 December 2015

1. GENERAL

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as “parent”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement of directors.

The principal activities of the Company are those of investment holding and providing management services to the subsidiaries in the group. It is listed on the Catalist which is a share market on Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in Note 15 below.

The registered office is: 24A Senoko South Road, Singapore 758099. The Company is domiciled in Singapore.

The financial statements of the group and the Company have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. As at 31 December 2015, the group’s current liabilities exceeded its current assets by $17,125,000. The group and the Company are dependent on credit facilities committed by banks and the availability of future cash flows from the group’s operations. The group has also been generating cash inflow from operating activities. Management is satisfied that with the group’s revenue settled mainly by cash and credit card sales, the trend of positive cash inflow generated from operating activities and the availability of banks’ committed lines, the group will be able to meet its obligations as and when they fall due. It is appropriate for the financial statements to be prepared on a going concern basis.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expenses (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Notes to the Financial Statements

31 December 2015

1. GENERAL (CONT'D)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, returns and rebates. Revenue from the sale of food and beverages is recognised when significant risks and rewards of ownership of the food and beverages are transferred to the buyer i.e. when the food and beverages are delivered, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Service income earned from operation of food courts is recognised when fees are charged to the food court tenants based on either a monthly fixed fees or a percentage of their gross monthly sales and monthly fixed fees, if any. Interest is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (Cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (Cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The estimated useful lives of the assets are as follows:

Leasehold properties	–	Over the terms of leases of 30 years
Leasehold improvements	–	3 to 6 years
Plant and equipment	–	3 to 10 years

Leasehold improvements in-progress and construction in-progress are not depreciated as these assets are not available for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 29 on provisions.

Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are measured periodically on a systematic basis at least once yearly by management.

The estimated useful life of the asset is 25 years.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful life is as follows:

Brand name – 15 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Associates (cont'd)

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were none during the reporting year.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest Level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. These financial assets are classified as non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting year. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Financial liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2B. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for doubtful trade accounts:
An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Assessment impairment of goodwill:
An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in Note 13A. Actual outcomes could vary from these estimates as disclosed in Note 13A.

Useful lives of leasehold improvements and plant and equipment:
The estimates for the useful lives and related depreciation charges for leasehold improvements and plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to severe market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. The carrying amount of the specific asset affected by the assumption is $27,448,000 (2014: $26,663,000).

Notes to the Financial Statements

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

Income tax amounts:
The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

Measurement of impairment of subsidiary:
When a subsidiary is in net equity deficit and has suffered operating losses a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the relevant investment is $1,250,000 (2014: $914,000) at the end of the reporting year.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group:

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

The ultimate controlling party is Tan Chor Khoon, a director and significant shareholder.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Notes to the Financial Statements

31 December 2015

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3B. Related party transactions (cont'd):

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Related party	
Group	2015 $'000	2014 $'000
Management fee income	132	132
Rental income	168	70

The related party, Wisteria Hotel Management Pte Ltd, is a subsidiary of Jit Sun Investments Pte Ltd, which has a 20% interest in and a significant influence over the reporting entity.

3C. Key management compensation:

	Group	
	2015 $'000	2014 $'000
Salaries and other short-term employee benefits	2,969	2,446

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2015 $'000	2014 $'000
Remuneration of directors of the Company	1,347	1,152
Remuneration of directors of subsidiaries	780	624
Fees to directors of the Company	115	115

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

Notes to the Financial Statements

31 December 2015

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3D. Other receivables from related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

Group:	Related party 2015 $'000	Related party 2014 $'000
Other receivables:		
Balance at beginning of year	269	402
Amounts paid in and settlement of liabilities on behalf of the Company	–	(133)
Balance at end of year	269	269

4. REVENUE

	Group 2015 $'000	Group 2014 $'000
Sales of food and beverage	146,608	133,647
Services income	12,005	12,460
Other income	1,145	917
	159,758	147,024

5. INTEREST INCOME

	Group 2015 $'000	Group 2014 $'000
Interest income	–	3

Notes to the Financial Statements

31 December 2015

6. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2015 $'000	2014 $'000
Bad trade debts written off	(48)	(17)
Foreign exchange adjustment gains (losses)	3	(2)
Gain (loss) on disposal of plant and equipment	25	(15)
Government grant from projects and special employment credit	2,549	1,641
Impairment allowance on plant and equipment	(521)	–
Insurance compensation	11	25
Performance incentive from suppliers	58	–
Plant and equipment written off	–	(364)
Productivity and innovation credit cash payout	609	677
Reversal of reinstatement cost	14	49
Others	(3)	(8)
Net	2,697	1,986
Presented in the profit or loss as:		
Other gains	3,269	2,392
Other losses	(572)	(406)
Net	2,697	1,986

7. FINANCE COST

	Group	
	2015 $'000	2014 $'000
Interest expense	917	408
Less : capitalised in property, plant and equipment (Note 12)	(316)	(55)
	601	353

Notes to the Financial Statements

31 December 2015

8. ADMINISTRATIVE EXPENSE

The major components include the following:

	Group	
	2015 $'000	2014 $'000
Employee benefits expense :		
Employee benefits expenses	50,899	44,572
Contributions to defined contribution plan	3,925	4,526
Total employee benefits expense	54,824	49,098
Audit fees paid to:		
– auditors of the Company	342	310
– other auditors	23	22
Non-audit fees paid to:		
– auditors of the Company	122	119
– other auditors	3	4
Depreciation of property, plant and equipment	7,638	6,690

9. OTHER OPERATING EXPENSES

The major components include the following:

	Group	
	2015 $'000	2014 $'000
Rental expenses	11,724	11,646
Utilities	5,183	5,528
Repair and maintenance	2,178	2,699

Notes to the Financial Statements

31 December 2015

10. INCOME TAX

10A. Components of tax expense (income) recognised in profit or loss include:

	Group	
	2015 $'000	2014 $'000
Current tax expense:		
Current tax expense	1,135	722
(Over) under adjustments in respect of prior periods	(54)	78
Subtotal	1,081	800
Deferred tax expense:		
Deferred tax expense	281	75
(Over) under adjustments in respect of prior periods	(30)	188
Subtotal	251	263
Total income tax expense	1,332	1,063

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2015 $'000	2014 $'000
Profit before tax	8,502	7,091
Income tax expense at the above rate	1,445	1,206
Expenses not deductible for tax purposes	464	116
Tax exemption and rebate	(542)	(523)
(Over) under adjustments in respect of prior periods	(84)	266
Effect of different tax rates in different countries	7	–
Unrecognised deferred tax assets	19	(1)
Others	23	(1)
Total income tax expense	1,332	1,063

There are no income tax consequences of dividends to owners of the Company.

Notes to the Financial Statements

31 December 2015

10. INCOME TAX (CONT'D)

10B. Deferred tax expense recognised in profit or loss include:

	Group	
	2015 $'000	2014 $'000
Excess of net book value of plant and equipment over tax values	277	(431)
Differences in amortisation of intangible asset	35	35
Tax loss carryforwards	(514)	121
Provision	(71)	21
Others	3	(8)
Unrecognised deferred tax assets	19	(1)
Total deferred income tax expense recognised in profit or loss	(251)	(263)

10C. Deferred tax balance in the statements of financial position:

	Group	
	2015 $'000	2014 $'000
Deferred tax liabilities:		
Excess of net book value of plant and equipment over tax values	(1,591)	(1,868)
Differences in amortisation of intangible asset	(282)	(317)
Total deferred tax liabilities	(1,873)	(2,185)
Deferred tax assets:		
Tax loss carryforwards	253	767
Provision	61	132
Others	22	19
Total deferred tax assets	336	918
Net total of deferred tax liabilities	(1,537)	(1,267)
Unrecognised deferred tax assets	11	(8)
Net total of deferred tax liabilities	(1,526)	(1,275)
Presented in the statements of financial position as follows:		
Deferred tax liabilities	(1,687)	(1,608)
Deferred tax assets	161	333
Net balance	(1,526)	(1,275)

Notes to the Financial Statements

31 December 2015

10. INCOME TAX (CONT'D)

10C. Deferred tax balance in the statements of financial position: (cont'd)

The deferred tax balances recognised in the statements of financial position of the Company are as follows:

	Company	
	2015 $'000	2014 $'000
Deferred tax assets:		
Excess of tax values over net book value of plant and equipment	50	50
Tax loss carryforwards	11	197
Total deferred tax assets	61	247

It is impracticable to estimate the amount expected to be settled or used within one year.

For the Singapore companies, the realisation of the future income tax benefits from tax loss carry forwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Temporary differences arising in connection with interests in subsidiaries and associate are insignificant.

11. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted profit per share of no par value:

	Group	
	2015 $'000	2014 $'000
A. Numerator: Profit attributable to equity		
Profit for the year attributable to the equity holders of the Company	7,170	6,028
	No: '000	No: '000
B. Denominator: Weighted average number of equity shares		
Weighted average number of ordinary shares for the purposes of basic profit per share	142,380	142,380

The weighted average number of equity shares refers to shares in circulation during the reporting period.

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Notes to the Financial Statements

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12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties $'000	Leasehold improvements $'000	Leasehold property and improvements in progress $'000	Plant and equipment $'000	Total $'000
Cost:					
At 1 January 2014	2,695	21,995	4,056	22,823	51,569
Additions	–	7,037	12,301	3,725	23,063
Disposals	–	(1,118)	–	(1,143)	(2,261)
Reclassification	–	4,056	(4,056)	–	–
At 31 December 2014	2,695	31,970	12,301	25,405	72,371
Additions	–	4,550	32,104	4,296	40,950
Disposals	–	(50)	–	(375)	(425)
Reclassification	44,405	–	(44,405)	–	–
At 31 December 2015	47,100	36,470	–	29,326	112,896
Accumulated Depreciation:					
At 1 January 2014	1,945	12,404	–	12,783	27,132
Depreciation for the year	135	3,559	–	2,996	6,690
Disposals	–	(346)	–	(684)	(1,030)
At 31 December 2014	2,080	15,617	–	15,095	32,792
Depreciation for the year	136	4,253	–	3,249	7,638
Impairment for the year	–	465	–	56	521
Disposals	–	(50)	–	(337)	(387)
At 31 December 2015	2,216	20,285	–	18,063	40,564
Net Book Value:					
At 1 January 2014	750	9,591	4,056	10,040	24,437
At 31 December 2014	615	16,353	12,301	10,310	39,579
At 31 December 2015	44,884	16,185	–	11,263	72,332

Borrowing costs included in the cost of qualifying assets are as follows:

	2015	2014
Capitalisation rates	2.43% to 3.19% $'000	2.00% $'000
Borrowing costs capitalised included in additions during the year	316	55
Accumulated interest capitalised included in the cost total	371	55

Notes to the Financial Statements

31 December 2015

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The details of the leasehold properties are disclosed below:

Description/Location	Gross floor area	Tenure of land
36 Senoko Crescent, Singapore 758282	2,457.08 square metres	30 years from 16 March 1990
24A Senoko South Road, Singapore 758099	5,986.10 square metres	30 years from 1 October 2013

Company	Leasehold property $'000	Plant and equipment $'000	Total $'000
Cost:			
At 1 January 2014	2,695	1,534	4,229
Additions	–	13	13
At 31 December 2014	2,695	1,547	4,242
Additions	–	69	69
At 31 December 2015	2,695	1,616	4,311
Accumulated Depreciation:			
At 1 January 2014	1,945	1,507	3,452
Depreciation for the year	135	22	157
At 31 December 2014	2,080	1,529	3,609
Depreciation for the year	135	62	197
At 31 December 2015	2,215	1,591	3,806
Net Book Value:			
At 1 January 2014	750	27	777
At 31 December 2014	615	18	633
At 31 December 2015	480	25	505

Leasehold properties with carrying value of $44,884,000 (2014:$615,000) are pledged as security for the bank facilities (Note 25).

Certain plant and equipment are under finance lease agreements (Note 25).

During the reporting year, the leasehold improvements and plant and equipment were subject to an impairment allowance of $465,000 and $56,000 respectively due to full impairment of leasehold improvements and plant and equipment of outlets with persistent losses. This arose from the regular review of the recoverable amount of property, plant and equipment by management.

During the reporting year the useful lives of certain assets were revised. As a result of this review, the estimated useful lives of certain assets have been reduced to 3 years from 6 years. The change in estimates increased the depreciation charge for the reporting year by $266,000.

The depreciation for the reporting year for the group and Company is charged to administrative expenses.

Notes to the Financial Statements

31 December 2015

13. INTANGIBLE ASSETS

	Group	
	2015 $'000	2014 $'000
Goodwill (Note 13A)	4,104	4,104
Brandname (Note 13B)	1,657	1,864
Total at cost	5,761	5,968

13A. Goodwill

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. This CGU represents the group's investment in Peach Garden @GBB Pte Ltd and its subsidiaries.

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been measured based on the fair value less costs of disposal method or the value in use method as appropriate for the separate CGUs.

No impairment allowance was recognised because the carrying amount of the CGU was lower than their recoverable amount.

The value in use was measured by management. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the CGU are consistent with those used for the measurement last performed and is analysed as follows:

	Range	
	2015	2014
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGU.	14%	12%
2. Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.	-3% to 2%	0% to 2%
3. Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	3 years	3 years

The impairment test has been carried out using a discounted cash flow model covering a 3 year period. Cash flows projections are based on the next three year budgets and plans approved by management; cash flows projections beyond that three-year period have been extrapolated on the basis of a negative 3% to 2% growth rate. Such a growth rate does not exceed the long-term average growth rate of the sector. The discount rate applied (weighted average cost of capital "WACC" gross of tax effect) is 14%. Management believes that any reasonably possible change in the key assumptions on which this CGU's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Notes to the Financial Statements

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13. INTANGIBLE ASSETS (CONT'D)

13B. Brandname

	Group $'000
Cost:	
At 1 January 2014	3,107
At 31 December 2014	3,107
At 31 December 2015	3,107
Accumulated Amortisation:	
At 1 January 2014	1,036
Amortisation for the year	207
At 31 December 2014	1,243
Amortisation for the year	207
At 31 December 2015	1,450
Net Book Value:	
At 1 January 2014	2,071
At 31 December 2014	1,864
At 31 December 2015	1,657

The amortisation for the reporting year is charged under administrative expenses.

14. INVESTMENT PROPERTIES

	Group and Company	
	2015 $'000	2014 $'000
Cost:		
At beginning and end of the year	758	758
Accumulated Depreciation:		
At 1 January 2014	182	151
Depreciation for the year	30	31
At 31 December 2014	212	182
Depreciation for the year	30	30
At 31 December 2015	242	212
Net Book value:		
At 1 January 2014	576	607
At 31 December 2014	546	576
At 31 December 2015	516	546
Fair value for disclosure purposes only:		
Fair value at end of the year	560	560
Rental and service income from investment properties	54	54
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period	19	39

Notes to the Financial Statements

31 December 2015

14. INVESTMENT PROPERTIES (CONT'D)

The investment properties consist of 2 units in an industrial building and leased out under operating leases. Also see Note 34 on operating lease income commitments. The management has not entered into contractual obligations for the maintenance or enhancement of the investment properties.

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal.

The depreciation expense is charged under administrative expenses.

The fair value of the investment properties was measured in December based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by management, on a systematic basis at least once yearly.

There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

For fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset	:	3017 Bedok North Street 5 #02-33 & #02-34 Singapore 486121
Gross floor area	:	342 sq m
Tenure of land	:	30 year lease commencing 1 April 2002
Unexpired lease term	:	17 years
Fair Value S$ and Fair value hierarchy – Level	:	$560,000 (2014 : $560,000) Level 3 (2014: Level 3)
Valuation technique for recurring fair value measurements	:	Comparison with market evidence on recent offer of sale prices for similar properties
Significant observable inputs and range (weighted average)	:	Price per square meter $1,637 (2014: $1,637)
Relationship of unobservable inputs to fair value	:	Not applicable
Sensitivity on management's estimates – 10% variation from estimate	:	Impact – lower by $56,000; higher by $56,000

The investment properties are mortgaged as security for the bank facilities (see Note 25).

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15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 $'000	2014 $'000
Cost at the beginning of the year	16,999	17,554
Quasi – equity loans (N1)	336	336
Additions	–	200
Written off	–	(755)
Allowance for impairment	(1,692)	(1,692)
Cost at the end of the year	15,643	15,643
Total cost comprising:		
Unquoted equity shares at cost	17,335	17,335
Allowance for impairment	(1,692)	(1,692)
Total at cost	15,643	15,643
Net book value of subsidiaries	5,756	5,660
Movement in above allowance:		
Balance at beginning of the year	1,692	2,733
Impairment loss charge to profit or loss (N2)	–	600
Impairment loss reverse to profit or loss (N3)	–	(886)
Written off - liquidated	–	(755)
Balance at end of the year	1,692	1,692

(N1) These are interest free quasi-equity loans to Supertree F&B Pte Ltd. The Company does not expect repayment of the above interest free loans in the foreseeable future.

(N2) The continuous losses of two subsidiaries were considered sufficient evidence to trigger the impairment test. The impairment test has resulted in the recognition of a loss. Accordingly, the cost of investment in the subsidiaries concerned has been fully impaired in reporting year ended 31 December 2014.

(N3) The increasing performances of three subsidiaries were considered sufficient evidence to reverse the impairment loss in reporting year ended 31 December 2014.

Notes to the Financial Statements

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries held by the Company and the subsidiaries are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Percentage of equity held by group	
	2015 $'000	2014 $'000	2015 %	2014 %
Held by Select Group Limited:				
Stamford Catering Services Pte. Ltd. Singapore Operator of catering services and staff cafeterias	250	250	100	100
Select Food Management Pte. Ltd. Singapore Operator of food court stalls	659	659	100	100
Lerk Thai Restaurant Pte. Ltd. Singapore Operator of restaurants and food outlets	200	200	100	100
SCS Food Services Pte. Ltd. Singapore Food and beverages hub management services	100	100	100	100
Universal Dining Global Pte. Ltd. Singapore Investment holding	100	100	100	100
SuperTree F&B Pte. Ltd. Singapore Food and beverages hub management services	636	636	100	100
Select Catering Services Pte. Ltd. Singapore Operator of catering services	150	150	100	100
Pro*3 Institutional Catering Pte. Ltd. Singapore Operator of food courts stalls and staff cafeterias	150	150	100	100
Hill Street Coffee Shop Pte. Ltd. Singapore Operator of retail food outlets	400	400	100	100
Lou Yau Bean Sprouts Chicken Pte. Ltd. Singapore Operator of retail food outlets	300	300	100	100
Lou Yau Restaurant Pte. Ltd. Singapore Operator of retail food outlets	300	300	100	100

Notes to the Financial Statements

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Percentage of equity held by group	
	2015 $'000	2014 $'000	2015 %	2014 %
Held by Select Group Limited:				
Universal Dining Pte. Ltd. Singapore Operator of food court stalls	480	480	100	100
Peach Garden @GBB Pte. Ltd. Singapore Operator of restaurants	9,138	9,138	100	100
Peach Garden @OCC Pte. Ltd. Singapore Operator of restaurants	1,000	1,000	100	100
Peach Garden Restaurant Pte. Ltd. Singapore Operator of restaurants	480	480	100	100
Sheng Kee Dessert Pte. Ltd. Singapore Operator of retail and food outlets	300	300	100	100
Sheng Kee Restaurant Pte. Ltd. Singapore Operator of retail and food outlets	300	300	100	100
Texas Chicken (Singapore) Pte. Ltd. Singapore Operator of fast food restaurant	480	480	100	100
Texas Chicken Restaurant Pte. Ltd. Singapore Operator of fast food restaurant	300	300	100	100
Stylze Catering Pte. Ltd. Singapore Operator of catering services	200	200	100	100
Pho Street Restaurant Pte Ltd Singapore Operator of retail food outlets	300	300	100	100
Chinatown Food Street Pte Ltd Singapore Operator of hub management services	300	300	100	100
Griddy Restaurant Pte Ltd Singapore Operator of retail food outlets	300	300	100	100

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Percentage of equity held by group	
	2015 $'000	2014 $'000	2015 %	2015 %
Held by Select Group Limited:				
Select Property Management Pte Ltd Singapore Operator of investment holdings	300	300	100	100
Sheng Kee Restaurant Sdn Bhd [(b)] Malaysia Operator of retail and food outlets	212	212	100	100
Texas Chicken (QSR) Pte. Ltd. [(d)] Singapore Dormant	–	–	100	100
Select Food Management (U.K.) Pte Ltd [(d)] [(e)] (Incorporated on 16 April 2015) United Kingdom Dormant	–	–	100	–
Select Logistic Management Pte Ltd. [(d)] (Incorporated on 18 June 2015) Singapore Operator of headquarter warehouse	–	–	100	–
FR Kitchen Pte Ltd [(d)] (Incorporated on 18 June 2015) Singapore Operator of food retail segment central kitchen	–	–	100	–
V. Fresh Trading Pte Ltd [(d)] (Incorporated on 18 June 2015) Singapore Operator of food trading	–	–	100	–
Third Place Cafeteria Pte Ltd [(d)] (Incorporated on 2 November 2015) Singapore Operator of food courts stalls and cafeteria	–	–	100	–
	17,335	17,335		

Notes to the Financial Statements

31 December 2015

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Percentage of equity held by group	
	2015 $'000	2014 $'000	2015 %	2014 %
Held by Subsidiaries of Select Group Limited:				
Select Food Management Sdn Bhd [c] Malaysia Dormant	46	46	100	100
Peach Garden (Novena) Pte. Ltd. Singapore Operator of restaurants	400	400	100	100
Peach Garden Pte. Ltd. Singapore Operator of restaurants	206	206	100	100
PG Restaurant Pte. Ltd. Singapore Operator of restaurants	100	(d)–	100	100
Peach Garden @33 Pte. Ltd. [d] Singapore Operator of restaurants	–	–	100	100
Hill Street Coffee Shop Sdn Bhd [d] Malaysia Dormant	–	–	100	100
Universal Dining Sdn Bhd [d] (Incorporated on 27 March 2015) Malaysia Dormant	–	–	100	–

[a] All the Singapore subsidiaries are audited by RSM Chio Lim LLP in Singapore.

[b] Audited by RSM Malaysia, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

[c] Other independent auditors. Audited by Crowe Horwath Malaysia, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

[d] Cost of investment is less than $1,000.

[e] Unaudited and not material.

There are no subsidiaries that have non-controlling interests that are considered material to the reporting entity.

Notes to the Financial Statements

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16. INVESTMENT IN ASSOCIATE

	Group 2015 $'000	Group 2014 $'000
Movement in carrying value:		
At 1 January and 31 December	–	–
Carrying Value:		
Unquoted equity shares at cost	125	125
Share of post-acquisition loss, net of dividend received	(96)	(96)
Impairment loss	(29)	(29)
	–	–

Name of associate, country of incorporation, place of operations and principal activities	Cost of investment 2015 $'000	Cost of investment 2014 $'000	Percentage of equity held by group 2015 %	Percentage of equity held by group 2014 %
Lerk Thai (M) Sdn Bhd				
Malaysia				
Operator of restaurants	125	125	30	30

For reporting year ended 31 December 2014 and 2015, no audited financial statements are available and the loss for impairment has been fully provided in previous years.

17. OTHER RECEIVABLES, NON-CURRENT

	Company 2015 $'000	Company 2014 $'000
Loans receivable from subsidiaries (Note 3)	27,510	15,622
Less: allowance for impairment	(3,081)	(3,081)
	24,429	12,541
Movements in above allowance:		
Balance at beginning of year	3,081	2,795
Charged to profit or loss included in other losses	–	286
Balance at end of year	3,081	3,081

The agreements for the loans receivable provide that the loans are unsecured, without fixed repayment terms and with interest rate of 5% (2014: 5%) per annum. The loans are not expected to be repaid in the foreseeable future. The carrying value of the loans are assumed to be a reasonable approximation of fair value (Level 2).

Notes to the Financial Statements

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18. OTHER FINANCIAL ASSET, NON-CURRENT

	Group	
	2015 $'000	2014 $'000
Available-for-sale:		
Unquoted shares, at cost	82	82
Less : allowance for impairment	(82)	(82)
	–	–

A subsidiary holds 20,000 non-voting redeemable preference shares per RM10 each in an unquoted company incorporated in Malaysia.

19. INVENTORIES

	Group	
	2015 $'000	2014 $'000
Consumables and supplies	2,146	2,027
Cost of inventories charged to profit or loss	42,515	39,986

There are no inventories pledged as security for liabilities.

Notes to the Financial Statements

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20. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables:				
Outside parties	4,707	4,838	–	–
Subsidiaries (Note 3)	–	–	2,515	1,682
Related parties (Note 3)	591	365	506	365
Less: allowance for impairment	–	–	(74)	(74)
Subtotal	5,298	5,203	2,947	1,973
Other receivables:				
Outside parties	275	754	35	49
Related party (Note 3)	269	269	269	269
Subsidiaries (Note 3)	–	–	5,024	9,144
Subtotal	544	1,023	5,328	9,462
Total trade and other receivables	5,842	6,226	8,275	11,435
Movements in above allowance:				
Balance at beginning of year	–	55	74	81
Written off	–	(55)	–	(7)
Balance at end of year	–	–	74	74

21. OTHER ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deposits to secure services [a]	5,086	4,311	331	28
Prepayments	1,884	1,197	79	173
	6,970	5,508	410	201
Presented in statements of financial position :				
Non-current	2,529	2,045	–	–
Current	4,441	3,463	410	201
	6,970	5,508	410	201

[a] This includes cash collateral amounting to $469,000 (2014: $469,000) held by a financial institution to cover guarantees granted for the group.

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22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Not restricted in use	20,220	15,907	323	1,515
Restricted in use [a]	1,054	1,054	1,054	1,054
	21,274	16,961	1,377	2,569
Interest earning balances	1,054	1,054	1,054	1,054

[a] This is for fixed deposits held by bankers to cover the bank facilities granted to the group and the Company (Note 25).

The rate of interest for the cash on interest earning balances is 0.25% to 0.88% (2014: 0.30% to 0.95%) per annum.

22A. Cash and cash equivalents in the consolidated cash flow statement

	Group	
	2015 $'000	2014 $'000
As shown above	21,274	16,961
Restricted in use	(1,054)	(1,054)
Bank overdraft (Note 25)	(1,203)	(1,548)
Cash and cash equivalents at end of year	19,017	14,359

22B. Non-cash transactions

During the year, the group acquired property, plant and equipment with an aggregate cost of $40,950,000 (2014: $23,063,000) of which $1,122,000 (2014: $272,000) was acquired by means of finance leases.

23 SHARE CAPITAL

	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at beginning of the year 1 January 2014	142,380	15,284
Balance at end of the year 31 December 2014	142,380	15,284
Balance at end of the year 31 December 2015	142,380	15,284

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

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23 SHARE CAPITAL (CONT'D)

Capital management:

In order to maintain its listing on the Singapore Exchange, the Company has to have share capital with at least a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the reporting year.

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

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

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

	Group	
	2015	**2014**
	$'000	**$'000**
Net debt:		
All current and non-current borrowings including finance leases	47,327	20,076
Less: cash and cash equivalents	(21,274)	(16,961)
Net debt	26,053	3,115
Adjusted capital:		
Total equity	24,900	20,947
Adjusted capital	24,900	20,947
Debt-to-adjusted capital ratio	105%	15%

The increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increased borrowings.

All reserves classified on the face of the statements of financial position as retained earnings represent past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

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24 SHARE BASED PAYMENT

Share options:

During the financial year, no option to take up unissued shares of the Company or any corporation in the group was granted. There were no employee share options granted since the commencement of the share option scheme which is more fully disclosed in the report of the directors.

25 OTHER FINANCIAL LIABILITIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-Current				
Financial instruments with floating interest rates:				
Bank loans (secured) (Note 25A)	31,675	11,344	1,073	1,181
Bank loans (unsecured) (Note 25A)	1,920	993	1,920	993
Financial instruments with fixed interest rates:				
Finance leases (Note 25B)	1,746	1,246	–	–
	35,341	13,583	2,993	2,174
Current				
Financial instruments with floating interest rates:				
Bank overdraft (secured) (Note 25A)	1,203	1,548	1,203	1,548
Bank loans (secured) (Note 25A)	7,404	4,025	3,870	1,792
Bank loans (unsecured) (Note 25A)	2,858	507	2,858	507
Financial instruments with fixed interest rates:				
Finance leases (Note 25B)	521	413	–	54
	11,986	6,493	7,931	3,901
The non-current portion is repayable as follows:				
Due within 2 to 5 years	8,013	13,583	2,993	2,174
After 5 years	27,328	–	–	–
Total non-current portion	35,341	13,583	2,993	2,174

The ranges of floating interest rates paid were as follows:

	Group and Company	
	2015	2014
Bank loans (secured and unsecured)	2.95% to 3.89%	2.56% to 3.22%
Bank overdraft (secured)	5.25% to 7.35%	5.25% to 7.35%

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25 OTHER FINANCIAL LIABILITIES (CONT'D)

The ranges of fixed interest rates paid were as follows:

	Group and Company	
	2015	**2014**
Finance leases	1.5% to 3.0%	1.5% to 3.0%

25A. Bank loans and bank overdraft (secured and unsecured):

Certain of the bank loans, overdraft and other credit facilities are secured and / or covered by:

(a) pledge of fixed deposits (Note 22);
(b) legal mortgages of the group's leasehold properties (Note 12) and investment properties (Note 14);
(c) corporate guarantees from the Company and certain subsidiaries; and
(d) a bank required the Company to be listed at all times.

As at reporting year end, loans amounting to $3,504,000 (2014 : Nil) have been classified as "Current" because the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

All the bank loans are repaid monthly and repayment schedules are as follows:

<u>Company:</u>

1. A $563,000 loan facility is repayable by 36 monthly instalments commencing from February 2013;

2. A $294,000 loan facility is repayable by 36 monthly instalments commencing from February 2013;

3. A $406,000 loan facility is repayable by 36 monthly instalments commencing from April 2013;

4. A $79,000 loan facility is repayable by 36 monthly instalments commencing from May 2013;

5. A $428,000 loan facility is repayable by 36 monthly instalments commencing from August 2013;

6. A $106,000 loan facility is repayable by 36 monthly instalments commencing from August 2013;

7. A $99,000 loan facility is repayable by 36 monthly instalments commencing from September 2013;

8. A $286,000 loan facility is repayable by 36 monthly instalments commencing from January 2014;

9. A $131,000 loan facility is repayable by 36 monthly instalments commencing from January 2014;

10. A $81,000 loan facility is repayable by 36 monthly instalments commencing from February 2014;

11. A $1,074,000 loan facility is repayable by 36 monthly instalments commencing from April 2014;

12. A $87,000 loan facility is repayable by 36 monthly instalments commencing from July 2014;

13. A $1,500,000 loan facility is repayable by 36 monthly instalments commencing from December 2014;

Notes to the Financial Statements

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25. OTHER FINANCIAL LIABILITIES (CONT'D)

25A. Bank loan and bank overdraft (secured and unsecured) (cont'd):

Company: (cont'd)

14. A $1,000,000 loan facility is repayable by 36 monthly instalments commencing from April 2015;
15. A $3,000,000 loan facility is repayable by 48 monthly instalments commencing from July 2015;
16. A $1,500,000 loan facility is repayable by 36 monthly instalments commencing from December 2015; and
17. A $1,500,000 revolving credit facility is repayable within the next reporting year end.

Subsidiaries:

1. A $1,918,000 loan facility is repayable by 48 monthly instalments commencing from December 2013;
2. A $30,251,000 loan facility is repayable by 228 monthly instalments commencing from July 2014; and
3. A $2,000,000 loan facility is repayable by 60 monthly instalments commencing from December 2015.

25B. Finance leases liabilities

Group	Minimum payments $'000	Finance charges $'000	Present value $'000
2015			
Minimum lease payments payable:			
Due within one year	610	(89)	521
Due within 2 to 5 years	1,801	(272)	1,529
Due more than 5 years	265	(48)	217
Total	2,676	(409)	2,267
Net book value of plant and equipment under finance leases			2,562
2014			
Minimum lease payments payable:			
Due within one year	486	(73)	413
Due within 2 to 5 years	1,426	(228)	1,198
Due more than 5 years	59	(11)	48
Total	1,971	(312)	1,659
Net book value of plant and equipment under finance leases			2,225

Notes to the Financial Statements

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25. OTHER FINANCIAL LIABILITIES (CONT'D)

25B. Finance leases liabilities (cont'd)

Company	Minimum payments $'000	Finance charges $'000	Present value $'000
2015			
Minimum lease payments payable:			
Due within one year	–	–	–
Total	–	–	–
Net book value of plant and equipment under finance leases			–
2014			
Minimum lease payments payable:			
Due within one year	61	(7)	54
Total	61	(7)	54
Net book value of plant and equipment under finance leases			– (*)

(*) The Company had entered into finance lease on behalf of its subsidiaries for the purchase of plant and equipment under finance leases.

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

	2015	2014
Lease term, in years	3 to 7	3 to 7
Effective borrowing rate per year	2.6% to 3.6%	2.6% to 3.6%

The total for finance leases and the average effective borrowing rate per year is disclosed above. The fair value (Level 2) is a reasonable approximation of the carrying amount.

26 OTHER PAYABLES, NON-CURRENT

	Company	
	2015 $'000	2014 $'000
Loans payable to subsidiaries (Note 3)	11,956	13,847

The loans and advances to subsidiaries are unsecured and with a fixed rate of interest rate of 5% (2014: 5%) per annum and repayable after one year. The carrying amount of the loans is a reasonable approximation of fair values (Level 2).

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27. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables:				
Outside parties and accrued liabilities	28,514	24,660	1,083	1,153
Subsidiaries (Note 3)	–	–	1	15
Subtotal	28,514	24,660	1,084	1,168
Other payables:				
For purchase of non-current assets	4,600	4,057	–	12
Sales collection on behalf of tenants	1,193	411	–	–
Subsidiaries (Note 3)	–	–	613	897
Subtotal	5,793	4,468	613	909
Total trade and other payables	34,307	29,128	1,697	2,077

28 OTHER LIABILITIES

	Group	
	2015 $'000	2014 $'000
Lease incentives	127	74
Tenants deposits	2,742	2,370
Deferred revenue (current)	1,025	794
	3,894	3,238
Presented in the statements of financial position as:		
Non-current	1,490	1,874
Current	2,404	1,364
	3,894	3,238

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29 PROVISIONS

	Group	
	2015 $'000	2014 $'000
At beginning of the year	1,016	934
Additions	85	131
Reversal of reinstatement cost (Note 6)	(14)	(49)
At end of the year	1,087	1,016
Presented in statements of financial position :		
Non-current	756	1,016
Current	331	–
	1,087	1,016

Provision for reinstatement costs is recognised when the group enters into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the group to the premises, where reinstatement is required. The premises shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements. During the year, the group incurred reinstatement costs for certain outlets that have closed and an excess provision of $14,000 (2014: $49,000) was reversed.

30 DIVIDENDS ON EQUITY SHARES

	Rate per share - cents			
	2015 cents	2014 cents	2015 $'000	2014 $'000
Final tax exempt (one-tier) dividend	0.80	0.20	1,139	288
Special tax exempt (one-tier) dividend	0.50	–	712	–
Interim tax exempt (one-tier) dividend	1.00	0.70	1,424	993
Total	2.30	0.90	3,275	1,281

In respect of the current reporting year, the directors propose that final tax exempt (one-tier) dividend of 1.0 cents per share with a total of $1,424,000 is paid to shareholders after the annual general meeting. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend for 2015 is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

Notes to the Financial Statements

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31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

31A. Categories of financial assets and liabilities

The following table categories the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets:				
Cash and cash equivalents	21,274	16,961	1,377	2,569
Loans and receivables	5,842	6,226	32,704	23,976
At end of the year	27,116	23,187	34,081	26,545
Financial liabilities:				
Borrowings at amortised cost	47,327	20,076	10,924	6,075
Trade and other payables at amortised cost	34,307	29,128	13,653	15,924
At end of the year	81,634	49,204	24,577	21,999

Further quantitative disclosures are included throughout these financial statements.

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following good market practices.

The financial controller who monitors the procedures reports to the audit committee of the board. Checks by management are conducted to ensure that the policies and procedures are followed in practice.

The group is exposed to currency and interest rate risks. There is limited exposure to liquidity risk and price risk. There is no arrangement to reduce such risk exposures through derivatives and other hedging instruments.

Notes to the Financial Statements

31 December 2015

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

31C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

31D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counter-parties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitment at the end of the reporting year. Credit risk on cash balances with banks and derivative financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed of the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 22 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2014: 30 to 60 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
61- 90 days	403	127	12	–
91- 180 days	216	268	471	365
At end of the year	619	395	483	365

Notes to the Financial Statements

31 December 2015

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

31D. Credit risk on financial assets (cont'd)

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables:				
91- 180 days	–	–	74	74
At end of the year	–	–	74	74

In year 2014, the allowance which is disclosed in the Note on trade receivables is based on individual accounts totalling $74,000 for the Company that are determined to be impaired at the end of reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at the end of reporting year:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Top 1 customer	333	349	506	765
Top 2 customers	575	583	825	994

Notes to the Financial Statements

31 December 2015

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

31E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year $'000	2 – 5 years $'000	More than 5 years $'000	Total $'000
Group:				
Non-derivative financial liabilities:				
2015:				
Gross borrowings commitments	11,970	6,997	32,928	51,895
Gross finance lease obligations	610	1,801	265	2,676
Trade and other payables	34,307	–	–	34,307
At end of the year	46,887	8,798	33,193	88,878
2014:				
Gross borrowings commitments	6,448	12,954	–	19,402
Gross finance lease obligations	486	1,426	59	1,971
Trade and other payables	29,128	–	–	29,128
At end of the year	36,062	14,380	59	50,501
Company:				
Non-derivative financial liabilities:				
2015:				
Gross borrowings commitments	8,328	3,143	–	11,471
Trade and other payables	1,697	12,554	–	14,251
At end of the year	10,025	15,697	–	25,722
2014:				
Gross borrowings commitments	4,038	2,283	–	6,321
Gross finance lease obligations	61	–	–	61
Trade and other payables	2,077	14,539	–	16,616
At end of the year	6,176	16,822	–	22,998

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statements of financial position. When the counter-party has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. For financial guarantee contracts, the maximum earliest period in which the guarantee could be called is used.

Notes to the Financial Statements

31 December 2015

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

31E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts – For financial guarantee contracts, the maximum earliest period in which the guarantee could be called is used. At the end of the reporting year, no claims on the financial guarantees are expected. The following table shows the maturity analysis of the contingent liabilities:

	Less than 1 year $'000	2 – 5 years $'000	Total $'000
Company:			
2015:			
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	1,261	4,497	5,758
2014:			
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	1,116	3,421	4,537

The undiscounted amounts on the bank borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2014: 30 to 60 days). The other payables are with short-term durations except for loans payable to subsidiaries for the Company. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Bank Facilities:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Undrawn borrowing facilities	7,846	29,695	728	382
Unused bank guarantees	951	1,936	951	1,936

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A monthly schedule showing the maturity of financial liabilities and unused bank facilities is provided to management to assist them in monitoring the liquidity risk.

Notes to the Financial Statements

31 December 2015

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

31F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets:				
Fixed rate	–	–	24,429	12,541
Floating rate	1,054	1,054	1,054	1,054
At end of the year	1,054	1,054	25,483	13,595
Financial liabilities:				
Fixed rate	2,267	1,659	11,956	13,901
Floating rate	45,060	18,417	10,924	6,021
At end of the year	47,327	20,076	22,880	19,922

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2015 $'000	2014 $'000
Financial liabilities:		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an decrease in pre-tax profit for the year by	440	174

31G. Foreign currency risk

There is exposure to foreign currency risk as part of its normal business. The effect on profit before tax is not significant.

Notes to the Financial Statements

31 December 2015

32. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2015 $'000	2014 $'000
Commitments to purchase plant and equipment	2,375	26
Commitments for construction of leasehold property and leasehold improvements	5,747	27,410
	8,122	27,436

33. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year, the total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Not later than one year	15,056	15,947	–	35
Later than one year and not later than five years	14,367	16,071	–	–
Later than five years	4,073	4,756	–	–
Rental expense for the year	18,055	16,589	–	–

Included in the rental expenses for the year is an amount of approximately $2,752,000 (2014: $3,045,000) contingent rental (as described below) incurred during the year.

The group has various operating lease agreements for leasehold property, food courts and retail outlet premises. These non-cancellable leases have remaining non-cancellable lease terms. Most leases contain renewable options. Some of the leases contain escalation clauses. Some provide for contingent rentals based on percentages of sales. Lease terms do not contain restrictions on the group's activities concerning dividends, additional debt or further leasing. Contingent rental is not included here as it is currently not determinable.

In addition, certain operating lease payments for rentals payable for certain premises from the owner is on a month-to-month basis with no commitment terms.

Notes to the Financial Statements

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34 OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

At the end of the reporting year, the total future minimum lease receivables under non-cancellable operating leases are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Not later than one year	4,317	5,174	48	66
Later than one year and not later than five years	2,149	3,070	4	144
Rental income for the year	7,721	8,068	102	98

Included in the rental income for the year is an amount of approximately $2,576,000 (2014: $2,131,000) contingent rental received (as described below) during the year.

Operating lease income receivable represent rental income from restaurants and food court stalls and rental income from some of the group's properties. The leases period ranges from two to three years. Most leases contain renewable options. Some of the leases contain escalation clauses. Some of the leases are based on percentage of sales while some with minimum fixed rates, provide for contingent rentals based on percentages of sales. Lease terms do not contain restrictions on the group's activities concerning dividends, additional debt or further leasing. Contingent rental is not included here as it is currently not determinable.

35. CONTINGENT LIABILITIES

The Company has undertaken to provide continued financial support to certain of its subsidiaries with net capital deficits. The extent of the exposure is not determinable.

36. EVENTS AFTER THE END OF THE REPORTING YEAR

Subsequent to the end of the reporting year:

(i) The Company increased its investment in the share capital of Third Place Cafeteria Pte. Ltd., FR Kitchen Pte. Ltd. and Select Logistic Management Pte. Ltd. from $2 to $300,000 each for cash by subscribing for an additional 299,998 new ordinary shares in cash at $1 per share;

(ii) On 18 Feburary 2016, Pho Street Restaurant Pte. Ltd. incorporated a wholly-owned subsidiary, Pho Street Restaurant Sdn. Bhd. with a paid up capital of RM2. The principal activity of the subsidiary is to carry on the business as an operator cafes and restaurants;

(iii) On 23 March 2016, the Company announced a Voluntary Conditional cash offer by DBS Bank Ltd. for and on behalf of International Culinary Management Ltd (the "Offeror") for all the issued and paid-up ordinary shares in the capital of the Company; and

(iv) On 5 April 2016, the Company incorporated a wholly-owned subsidiary, RM Food Manufacturing Pte. Ltd. with a paid up capital of $1. The principal activity of the subsidiary is to manufacture cooked-food preparations and sauces.

Notes to the Financial Statements

31 December 2015

37. FINANCIAL INFORMATION BY OPERATING SEGMENTS

37A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

For management purposes, the group's operating businesses are organised according to their nature of activities. These are grouped into the following market segments and form the basis on which the group reports its primary segment: -

(a) Institutional Catering ("IC") – This segment provides food management services to the corporate customers. They operate and manage staff cafeterias, on a contract basis, at the premises of its corporate customers from various industries;

(b) Food Catering ("FC") – This segment provides events catering services for corporate, community or private functions as well as daily meal delivery services to workplaces and family units;

(c) Food Retail ("FR") – This segment comprises of operation of dedicated food court stalls and public cafeterias specialising in international and local fare;

(d) Peach Garden ("PG") – This segment comprises of Peach Garden's operations of restaurants and consultancy management services;

(e) Quick Service Restaurant ("TC") – This segment serves up freshly prepared, high quality and flavourful chicken and tenders fast food style.

(f) Hub Services ("HS") – This segment provides management services to the F&B operations in the respective Hub at Singapore Expo, Changi Terminal 1, 2 and 3, Chinatown Food Street and Gardens by the Bay; and

(g) Others – This segment comprises of other income.

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, amortisation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before income taxes and other unallocated items (called "ORBT").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

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37. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

37A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The information on each product and service or each group of similar products and services is as follows:

	Group	
	2015 $'000	2014 $'000
Revenue from major products and services:		
Institutional Catering ("IC")	18,869	17,172
Food Catering ("FC")	24,168	23,717
Food Retail ("FR")	25,365	30,272
Peach Garden ("PG")	41,680	39,515
Quick Service Restaurant ("TC")	15,714	9,311
Hub Services ("HS")	32,666	26,545
Others	1,296	492
Total for continuing operations	159,758	147,024

37B. Profit or loss from continuing operations and reconciliations

	IC $'000	FC $'000	FR $'000	PG $'000	TC $'000	HS $'000	Others $'000	Total $'000
Continuing Operations								
2015								
Revenue by Segment								
Total revenue by segment	18,869	26,346	26,553	43,114	15,790	35,310	12,510	178,492
Inter-segment sales	–	(2,178)	(1,188)	(1,434)	(76)	(2,644)	(11,214)	(18,734)
Total revenue	18,869	24,168	25,365	41,680	15,714	32,666	1,296	159,758
Recurring EBITDA	548	3,471	2,355	5,927	1,308	6,062	(2,693)	16,978
Finance costs	(25)	(66)	(30)	(21)	(8)	(103)	(348)	(601)
Depreciation	(326)	(693)	(1,598)	(1,606)	(1,013)	(2,155)	(277)	(7,668)
Amortisation	–	–	–	(207)	–	–	–	(207)
ORBT	197	2,712	727	4,093	287	3,804	(3,318)	8,502
Income tax expense								(1,332)
Profit from continuing operations								7,170

Notes to the Financial Statements

31 December 2015

37. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

37B. Profit or loss from continuing operations and reconciliations (cont'd)

	IC $'000	FC $'000	FR $'000	PG $'000	TC $'000	HS $'000	Others $'000	Total $'000
Continuing Operations								
2014								
Revenue by Segment								
Total revenue by segment	17,172	25,409	30,505	44,284	9,311	28,969	8,364	164,014
Inter-segment sales	–	(1,692)	(233)	(4,769)	–	(2,424)	(7,872)	(16,990)
Total revenue	17,172	23,717	30,272	39,515	9,311	26,545	492	147,024
Recurring EBITDA	1,559	3,080	2,748	4,966	859	3,692	(2,532)	14,372
Finance costs	(4)	(55)	(45)	(34)	(14)	(95)	(106)	(353)
Depreciation	(83)	(610)	(1,593)	(1,780)	(645)	(1,819)	(191)	(6,721)
Amortisation	–	–	–	(207)	–	–	–	(207)
ORBT	1,472	2,415	1,110	2,945	200	1,778	(2,829)	7,091
Income tax expense								(1,063)
Profit from continuing operations								6,028

37C. Assets and reconciliations

	IC $'000	FC $'000	FR $'000	PG $'000	TC $'000	HS $'000	Others $'000	Unallocated $'000	Total $'000
2015									
Total assets for reportable segments	6,057	7,928	8,576	18,715	5,681	30,164	37,881	–	115,002
2014									
Total assets for reportable segments	3,121	6,962	9,519	16,702	5,953	29,245	5,646	–	77,148

Notes to the Financial Statements

31 December 2015

37. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

37D. Liabilities and reconciliations

	IC $'000	FC $'000	FR $'000	PG $'000	TC $'000	HS $'000	Others $'000	Unallocated $'000	Total $'000
2015									
Total liabilities for reportable segments	5,767	8,541	4,474	3,820	3,618	11,828	48,567	–	86,615
Unallocated:									
Deferred and current tax liabilities	–	–	–	–	–	–	–	3,487	3,487
Total group liabilities	5,767	8,541	4,474	3,820	3,618	11,828	48,567	3,487	90,102
2014									
Total liabilities for reportable segments	3,703	5,898	4,503	5,639	3,204	23,138	7,373	–	53,458
Unallocated:									
Deferred and current tax liabilities	–	–	–	–	–	–	–	2,743	2,743
Total group liabilities	3,703	5,898	4,503	5,639	3,204	23,138	7,373	2,743	56,201

37E. Other material items and reconciliations

	IC $'000	FC $'000	FR $'000	PG $'000	TC $'000	HS $'000	Others $'000	Unallocated $'000	Total $'000
Expenditures for non-current assets:									
2015	3,305	1,323	729	587	633	1,788	32,585	–	40,950
2014	313	877	996	800	416	19,393	268	–	23,063

37F. Geographical information

The group revenue and profit before income tax are substantially derived from Singapore. The assets and liabilities and capital expenditure of the group are substantially employed in Singapore.

37G. Information about major customers

There are no customers with revenue transactions of over 10% of the group revenue.

Notes to the Financial Statements

31 December 2015

38. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions
Various	Improvements to FRSs (Issued in January 2014). Relating to:
FRS 102	Share-based Payment
FRS 103	Business Combinations
FRS 108	Operating Segments
FRS 113	Fair Value Measurement
FRS 16	Property, Plant and Equipment
FRS 24	Related Party Disclosures
FRS 38	Intangible Assets
Various	Improvements to FRSs (Issued in February 2014). Relating to
FRS 103	Business Combinations
FRS 113	Fair Value Measurement
FRS 40	Investment Property

Notes to the Financial Statements

31 December 2015

39 NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16 & 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 110 & 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 110, 112 & 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 114	Regulatory Deferral Accounts	1 January 2016
Various	Improvements to FRSs (Issued in November 2014):	1 January 2016
FRS 107	Financial Instruments: Disclosures - Servicing contracts	
FRS 19	Employee Benefits - Discount rate: regional market issue	
FRS 34	Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report	
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

Shareholdings Statistics

SHARE CAPITAL

Issued and paid-up capital	:	$16,642,570
Number of shares	:	142,380,400
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 22 March 2016, approximately 28.74% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

ANALYSIS OF SHAREHOLDINGS AS AT 22 MARCH 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4	1.17	165	0.00
100 – 1,000	39	11.44	35,350	0.03
1,001 – 10,000	114	33.43	703,090	0.49
10,001 – 1,000,000	166	48.68	18,263,695	12.83
1,000,001 AND ABOVE	18	5.28	123,378,100	86.65
TOTAL :	**341**	**100.00**	**142,380,400**	**100.00**

MAJOR SHAREHOLDERS AS AT 22 MARCH 2016

NO.	NAME	NO. OF SHARES	%
1	GOH GAIK CHOO	33,920,000	23.82
2	TAN CHOR KHOON	19,481,900	13.68
3	GO MEI LIN	18,822,000	13.22
4	SING INVESTMENTS & FINANCE NOMINEES (PTE.) LTD.	11,460,000	8.05
5	PEK POH CHENG	5,415,200	3.80
6	TAY BOCK HIANG	4,753,800	3.34
7	UOB KAY HIAN PRIVATE LIMITED	3,830,500	2.69
8	CITIBANK NOMINEES SINGAPORE PTE LTD	3,267,100	2.29
9	TAN CHOH PENG	3,109,800	2.18
10	LOW BOON YONG	2,889,300	2.03
11	TAN SOK HUANG	2,764,000	1.94
12	HONG LEONG FINANCE NOMINEES PTE LTD	2,725,000	1.91
13	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,696,000	1.89
14	CHUA CHYE TECK	2,000,000	1.40
15	SBS NOMINEES PRIVATE LIMITED	2,000,000	1.40
16	LOW WEI MIN JAMES	1,555,900	1.09
17	LIM AI LIAN	1,529,200	1.07
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,158,400	0.81
19	LOW YEOK PHENG	998,000	0.70
20	PEH CHENG HOO	930,000	0.65
		125,306,100	**87.96**

Shareholdings Statistics

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2016

No	Name of shareholder	Direct interest	Indirect / Deemed interest
1	Tan Chor Khoon	19,481,900	10,875,200
2	Tan Choh Peng	3,109,800	9,500,000
3	Pek Poh Cheng	5,415,200	24,941,900
4	Go Mei Lin	18,822,000	1,000,000
5	Goh Gaik Choo	33,920,000	–

Notes:

1. Mr Tan Chor Khoon is the husband of Mdm Pek Poh Cheng. They are hence, each deemed to be interested in the shares held by each other.

2. Of the 10,875,200 shares in which Mr Tan Chor Khoon has a deemed interest,

   (a) 5,460,000 shares are held through Sing Investment & Finance Limited

   (b) 5,415,200 shares are held by Mdm Pek Poh Cheng, spouse of Mr Tan Chor Khoon.

3. Mdm Pek Poh Cheng has a deemed interest in the 24,941,900 shares held directly and/or indirectly through Mr Tan Chor Khoon.

4. Of the 9,500,000 shares in which Mr Tan Choh Peng has a deemed interest,

   (a) 2,000,000 shares are held through SBS Nominees Pte Ltd

   (b) 1,500,000 shares are held through Hong Leong Finance Nominees Pte Ltd

   (c) 6,000,000 shares are held through Sing Investment & Finance Limited.

5. 1,000,000 shares in which Mdm Go Mei Lin has a deemed interest are held through Hong Leong Finance Nominees Pte Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of the shareholders of the Company will be held at 401 Havelock #03-00 Hotel Miramar Singapore 169631 on Friday, 29 April 2016 at 5.00 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company and the Directors' Statement and Auditors' Report for the year ended 31 December 2015. — Resolution 1

2. To re-elect Mr Tan Chor Khoon, a Director retiring by rotation pursuant to Article 106 of the Constitution of the Company. — Resolution 2

3. To re-elect Mdm Ho Geok Choo, a Director retiring by rotation pursuant to Article 106 of the Constitution of the Company. — Resolution 3

   Mdm Ho Geok Choo shall, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and as a member of the Audit Committee, the Remuneration Nominating Committee and the Board Risk Committee and shall be considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B, Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("SGX-ST")")(the "Catalist Rules").

4. To declare a final exempt (one-tier) dividend of 1 cent per ordinary share for the year ended 31 December 2015. — Resolution 4

5. To approve the Directors' fees of SGD 115,000 for the year ended 31 December 2015. — Resolution 5

6. To re-appoint Messrs RSM Chio Lim LLP as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. — Resolution 6

SPECIAL BUSINESS

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

7. **Authority to allot and issue shares** — Resolution 7

   Pursuant to Section 161 of the Companies Act, Cap. 50. and subject to Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:-

   (i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 100 per cent (100%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

Notice of Annual General Meeting

(ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares of the Company at the time this Resolution is passed 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 outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of shares

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (i)]

8. **Authority to offer and grant options in accordance with Select Employee Share Option Scheme** Resolution 8

That approval be and is hereby given to the Directors to offer and grant options in accordance with the Rules of the Select Employee Share Option Scheme (“the Scheme”) and to issue such shares in the capital of the Company as may be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total issued shares excluding Treasury Shares of the Company on the day preceding the date of the relevant grant.

[See Explanatory Note (ii)]

9. And to transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) The Ordinary Resolution proposed in item 7, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed 100% of the Company’s total number of issued shares excluding treasury shares at the time of passing this Resolution. For allotment and issue of shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed 50% of the Company’s total number of issued shares excluding treasury shares. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.

(ii) The Ordinary Resolution proposed in item 8 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme and to allot and issue shares pursuant to the exercise of options under the Scheme, subject to the terms of the resolution.

Notice of Annual General Meeting

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 11 May 2016 for the purpose of determining shareholders' entitlements to the proposed final exempt (one-tier) dividends of 1 cent per ordinary share in respect of the financial year ended 31 December 2015 (the "Proposed Dividend").

Duly completed transfers received by the Company's Registrars, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 up to 5.00 p.m. on 10 May 2016 will be registered before entitlements to the Proposed Dividend are determined. The Proposed Dividend, if approved by shareholders at the 2016 Annual General Meeting, will be paid on 27 May 2016.

Members whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares at 5.00 p.m. on 10 May 2016 will be entitled to the Proposed Dividend.

In respect of shares in Securities Accounts with CDP, the Proposed Dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to such holders of shares in accordance with its practice.

BY ORDER OF THE BOARD

Kwok Chi Biu
Company Secretary

Dated : 14 April 2016

Notes:

(a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(b) If a proxy is to be appointed, the form must be deposited at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 48 hours before the meeting.

(c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(d) In the case of joint shareholders, all holders must sign the form of proxy.

Notice of Annual General Meeting

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives 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.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Bernard Lui.

Tel: 6389 3000; Email: bernard.lui@morganlewis.com

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Proxy Form

IMPORTANT

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

I/We ______________________________

of ______________________________

being a member(s) of Select Group Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Annual General Meeting or such other person the Chairman may designate, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 401 Havelock Road #03-00 Hotel Miramar Singapore 169631 on Friday, 29 April 2016 at 5.00 p.m. and at any adjournment thereof.

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

No.	Resolutions	For	Against
1	To receive and consider Directors' Statement, Auditors' Report and Audited Accounts		
2	To re-elect Mr Tan Chor Khoon as Director		
3	To re-elect Mdm Ho Geok Choo as Director		
4	To declare a final exempt (one-tier) dividend of 1 cent per ordinary share		
5	To approve payment of Directors' fees		
6	To re-appoint Messrs RSM Chio Lim LLP as Auditors and authorise the Directors to fix their remuneration		
7	To authorise Directors to allot and issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Catalist Rules		
8	To authorise the Directors to offer and grant options and to issue shares in accordance with the Rules of the Select Employee Share Option Scheme ("the Scheme")		

Signed this day __________ of ____________________ 2016

Total number of shares held	

____

Signature or Common Seal of shareholder

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 81SF of the Securities and Futures Act, Chapter 289), 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the general meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.
3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the general meeting. Relevant intermediary is either:
   (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or
   (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.
6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 48 hours before the time appointed for the Annual General Meeting.
7. 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at least 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy :

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2016.

Affix
Postage
Stamp

The Company Secretary

SELECT GROUP LIMITED
Company Reg./ GST No.: 199500697Z

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095

Designed and Produced by **Rockstar Atelier**

Steady Growth

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