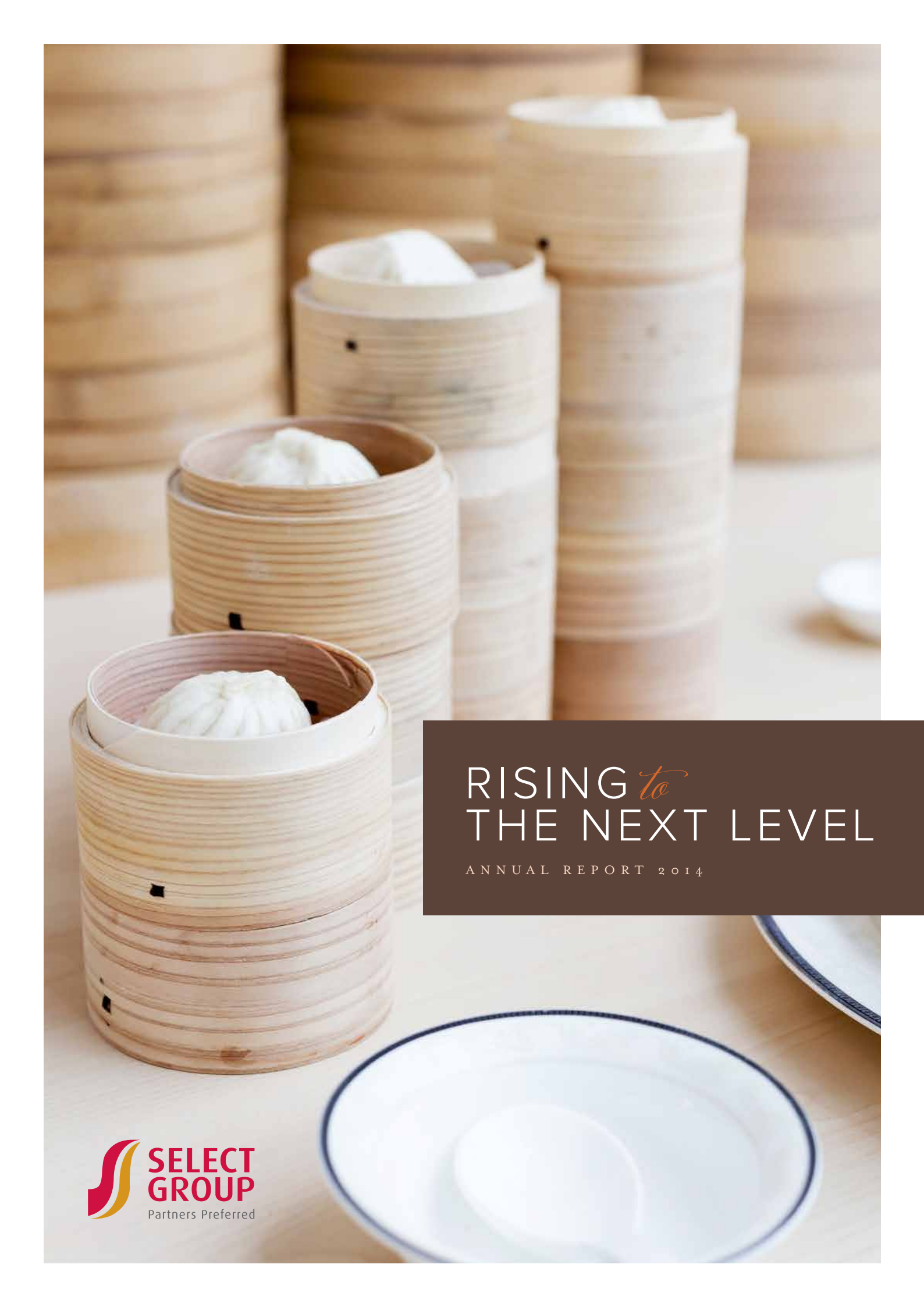


The background of the entire page is a photograph of several stacks of bamboo steamers. Each steamer is filled with a single white dumpling. The steamers are arranged in a row, receding into the background. The lighting is warm and soft, highlighting the texture of the bamboo and the smooth surface of the dumplings. In the foreground, a white ceramic plate with a blue rim is partially visible.

RISING *to* THE NEXT LEVEL

ANNUAL REPORT 2014

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Directors' Report and
Financial Statements

This annual report 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 "SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr. Bernard Lui (Contact No. 6389 3000, email: bernard.lui@stamfordlaw.com.sg).

VISION & MISSION



vision

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

mission

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

ABOUT US



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

Conceptualised 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 Royal Thai cuisine and Thai street food, showcasing the artful skills of our renowned Thai chefs.

ABOUT US

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 consumers' growing demand for quick-casual all-day dining food at affordable prices, Griddy offers diners savoury and sweet waffles as well as Western mains that welcome diners to get greedy.



TEXAS CHICKEN

Operates and manages quick service restaurants that serves home-style chicken and home-style specialties.



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, Union Square Cafe, Casa Verde 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.



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

WE LOOK BACK AT FY2014
WITH GREAT PRIDE AS A
YEAR MARKED BY RECORD
GROWTH IN REVENUE AND
PROFITABILITY.

Dear Shareholders,

Propelling to Achieve Greater Success

We look back at FY2014 with great pride as a year marked by record growth in revenue and profitability. It was also a year where, we made significant progress in our regional expansion plans by incorporating a new subsidiary, Hill Street Coffee Shop Sdn. Bhd. in Kuala Lumpur, Malaysia and the rebranding of Select Hospitality Services Sdn. Bhd. to Sheng Kee Restaurant Sdn. Bhd. so as to increase our presence in Malaysia. We also saw the establishment of our inaugural Sheng Kee Dessert flagship outlet at One Utama in Kuala Lumpur in late FY2014.

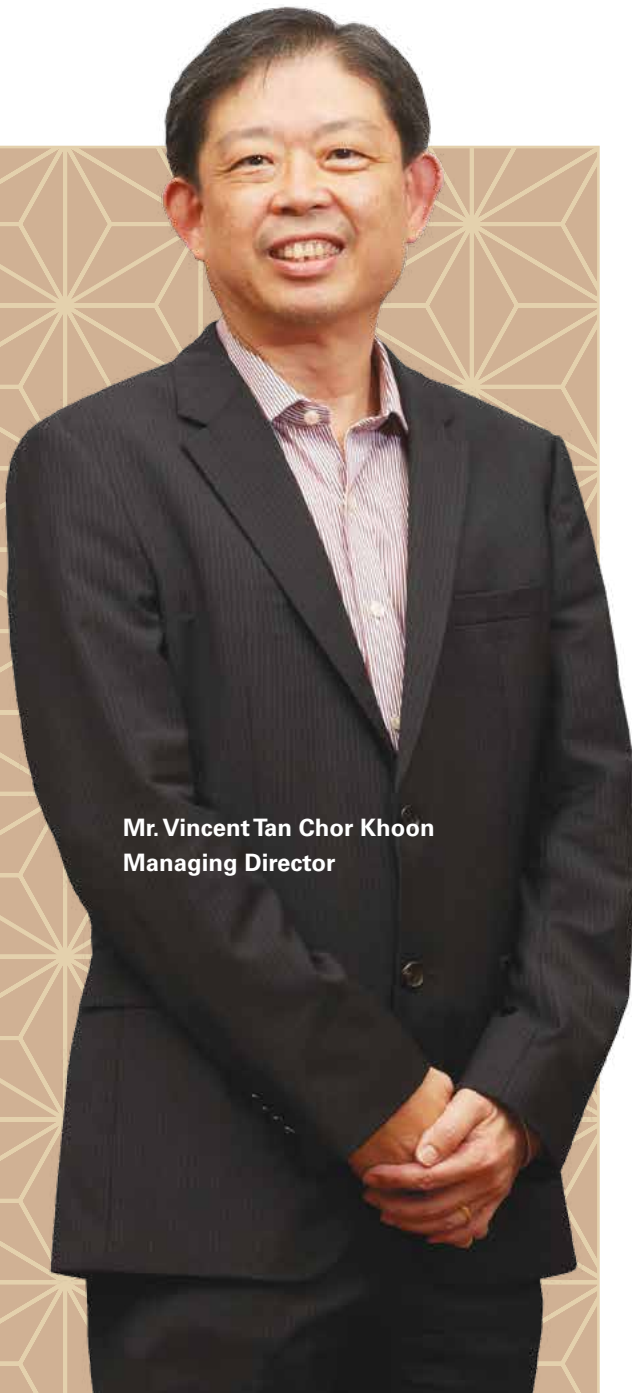
Our objective is to achieve steady and sustainable regional expansion through careful planning and financial prudence.

FY2014 Performance in Focus

The Group registered record turnover and net profit after tax of \$147.0 million and \$6.0 million respectively in FY2014. The profits achieved cut across all 7 segments, namely Food Catering, Food Retail, Hub Services, Institutional Catering, Others, Peach Garden Restaurants, and Quick Service Restaurants. In particular, Texas Chicken narrowed its loss margin gap during the year by implementing better cost control. In fact, it reported a turnaround in its earnings and delivered a positive EBITDA in FY2014 as compared to a negative EBITDA in FY2013.

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 strong support by the government through various productivity grants given us by the government. As testament to our efforts in improving productivity, we received the coveted Productive Award from the Singapore Business Federation.

As at January 2015, our new 8-storey building was already 55% completed. The construction of the façade and ongoing M&E works are targeted to be completed by July 2015 and we hope to start full operation at our new headquarters by 4Q2015. In line with our commitment



Mr. Vincent Tan Chor Khoon
Managing Director

CHAIRMAN'S STATEMENT

Our New Building.
The target completion
date for the building
is July 2015



towards product innovation, two levels of the building would be dedicated to ready-meal and ready-sauce production, which would include the R&D division, business development unit and equipment capability team.

We opened new Texas Chicken and Sheng Kee Dessert outlets at Seletar Mall, as well as Ipoh Lou Yau Bean Sprouts Chicken and Sheng Kee Dessert outlets at 1KM Mall.

During the year, the Group also stepped up efforts to further develop some of our brands, including Universal Dining and Third Place. Universal Dining was involved in the setting up of our unique food court concept under the all-new Singapore Food Street at Changi Airport Terminal 3 in August 2014; Chinatown Food Street in February 2014 and the food court located at the North Spine of Nanyang Technological University (NTU) in October 2014. We had introduced an automated top-up card payment system in NTU food court as part of our policy to enhance productivity.

The Group also set up a new Third Place concept dining cafeteria at CleanTech Park, a JTC Corporation industrial park, which is open to both staff and public. This was a pilot project for us to test the response of industrial crowd to our F&B concept. We plan to set up two more

Third Place cafeterias in Tuas and MedTech, which are located at Jalan Boon Lay. These two additional eatery outlets, with a total of 20,000 sq ft space, would serve different cuisines during different times of the day to suit the dining needs of people in the area, so as to better maximise the usable space and time of the cafeteria.

Our Peach Garden Restaurants, Food Catering and Institutional Catering segments continued to report encouraging earnings even as we continued the branding exercise for our individual brands like Ipoh Lou Yau Bean Sprouts Chicken, Sheng Kee Dessert, Third Place, Chinatown Food Street & Singapore Food Street, and Texas Chicken.

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 essential part of our business. We recognise our responsibilities to a broad range of stakeholders, which include community groups. As part of our CSR efforts, we have participated in a wide range of meaningful programmes through various forms and initiatives.

One such programme was the Community

CHAIRMAN'S STATEMENT

Kitchen initiative. Community Kitchen is a social organisation based in Bukit Panjang that provides training and employment opportunities to needy jobseekers. The Group participated in the preparation of packed meals and tingkats for distribution to the needy families in the constituency. Additionally, we also assisted in the sales and operation of the organisation. All sales proceeds were then used to pay the Community Kitchen's workers.

Additionally, we have since 2008 collaborated with the Kreta Ayer - Kim Seng Citizen's Consultative Committee to sponsor mass reunion dinners for about 1,000 under-privileged pioneer residents in the Kreta Ayer-Kim Seng division. Over the years, we have activated 250 staff volunteers to facilitate this community programme in an attempt to bring the boisterous Chinese New Year atmosphere into the hearts of these needy elderly. These dinners comprise a sumptuous 8-course meal and a night of performances.

Future Outlook

While the tight labour market continues to pose a challenge to us, we have undertaken several productivity and cost-cutting initiatives in FY2014 to better manage the situation. We are planning to forge ahead with our Malaysia ventures in FY2015 by establishing our second Sheng Kee Dessert outlet and launching a 40,000 sq ft food court in Kuala Lumpur by 4Q2015. The Group will be sending an experienced development team to oversee

the entire project, as well as to acquire more retail spaces for further expansion.

We are also honoured to be selected as one of the three official caterers for this year's Southeast Asian (SEA) Games. This achievement further cements our position as a leading F&B player, as the SEA Games is an important avenue to showcase Singapore to the region. We are proud to be part of such a significant event in Singapore's history.

In line with our development plans, we will continue to explore business opportunities with strategic partners in the region to further expand our footprint to countries such as Cambodia, Jakarta, Myanmar and London. We will continue to forge ahead with our business expansion plans in FY2015.

Going forward, we will persist in adopting a steady approach for our business with a focus on our overseas expansion plans, as we continue to create greater value to our shareholders.

Dividend

To reward our valued shareholders for their trust in the Group, the Board will be recommending an ordinary dividend of 0.8 cents and a special dividend of 0.5 cents at the coming AGM.



CHAIRMAN'S STATEMENT

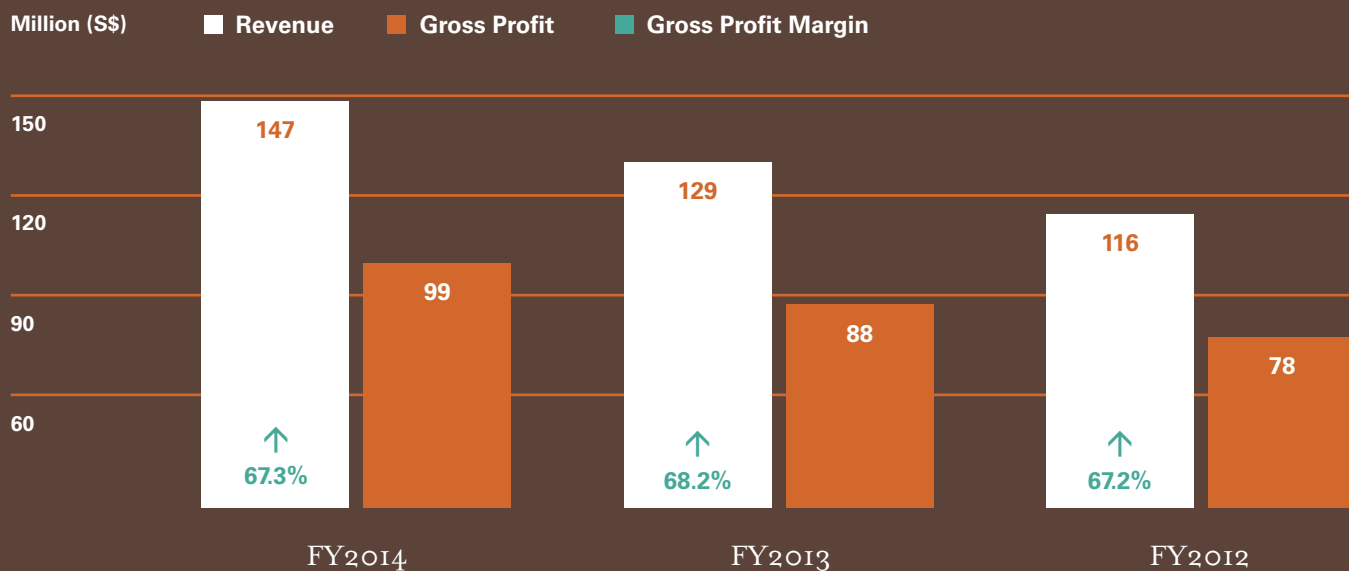


In Gratitude

First of all, I would like to extend a warm welcome to Mr. To Chee Keung and Mr. Lim Chee Hwee for coming onboard as Senior Director, Group Business Development and Director, Marketing, Communications and Branding respectively. Both are veterans in their own fields and we look forward to their valuable contributions to the Group.

On behalf of the Board of Directors, I would like to thank all our shareholders, stakeholders and valued customers for their staunch support and faith in the Group. I would also like to express my gratitude to the staff and fellow directors for their dedication and commitment towards the Group. We look forward to another fruitful year as we journey down this successful course together.

FINANCIAL HIGHLIGHTS



Summarised Consolidated Statement of Comprehensive Income (S\$'000)

	FY2014	FY2013	FY2012
Revenue	147,024	128,897	116,024
Comprehensive Income (Loss) attributable to:			
Shareholders	6,028	1,714	4,175
Non-controlling interests	—	—	—

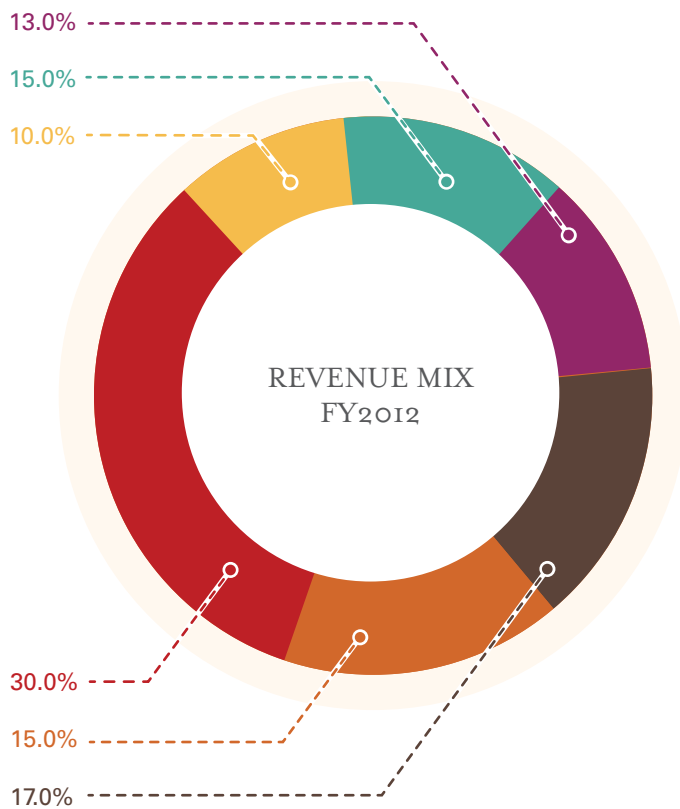
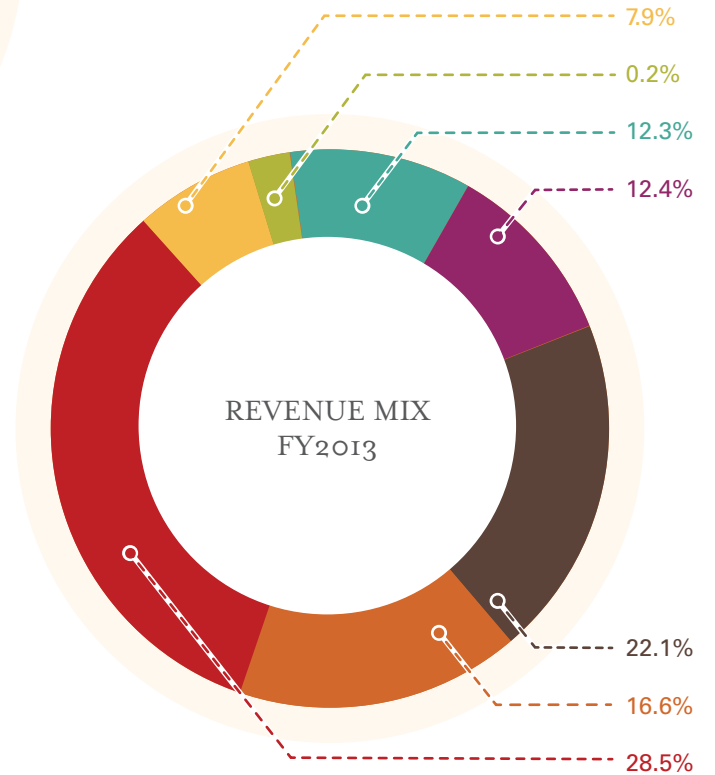
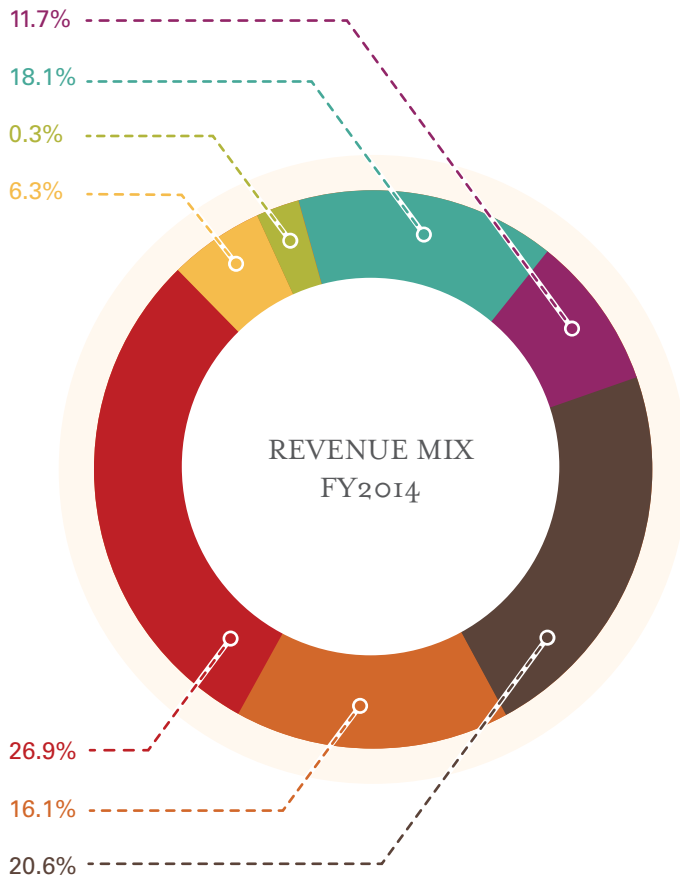
Summarised Statements of Financial Position (S\$'000)

	FY2014	FY2013	FY2012
Non-current assets	48,471	34,148	30,394
Current assets	28,677	23,514	22,196
Non-current liabilities	(18,081)	(6,820)	(6,622)
Current liabilities	(38,120)	(34,755)	(27,911)
Net asset value	20,947	16,087	18,057
Non-controlling interests	—	—	—
Net asset value attributable to Shareholders	20,947	16,087	18,057

Financial Ratios

	FY2014	FY2013	FY2012
Earning per share (cents)	4.23	1.20	2.93
Profit before tax margin from continuing operations	4.82%	1.13%	4.00%
Profit margin from continuing operations, Net of tax	4.10%	1.33%	3.60%
Net assets value per share (cents)	14.71	11.30	12.68
Return on assets	7.81%	2.97%	7.94%
Return on equity	28.78%	10.65%	23.12%

FINANCIAL HIGHLIGHTS



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

FINANCIAL REVIEW

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014 ("FY2014"), the Group recorded a 14.1% or \$18.1 million increase in revenue compared to the previous corresponding financial year ("FY2013"), mainly due to the contribution of revenue from new food courts, such as the opening of Chinatown Food Street, Food Court at NTU and the Singapore Food Street at Changi Airport during the financial year. Consequently, the increase in revenue also resulted in an increase in gross profit and cost of sales.

The Group posted a Profit After Tax (PAT) from continuing operations of \$6.0 million for FY2014 compared to \$1.7 million for FY2013, mainly due to the receipts of \$1.6 million government grants, better margin contributions from most of the segments and the reduced losses incurred by Texas Chicken during FY2014.

As a result of business growth, marketing and distribution costs, administrative expenses (inclusive of depreciation expenses) and other operating expenses increased by 16.2%, 11.3% and 0.5%, respectively, in comparison to FY2013. The increase in marketing and distribution costs was mainly due to marketing budget increased for new food courts launched during FY2014 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 FY2014. Finance costs increased due to increase in interest expenses as additional bank loans were taken up to finance the new food courts and the new HQ building during FY2014.

Repair and maintenance and upkeep of motor vehicles increased in tandem with the increase of business activities during FY2014.

Other credits increased mainly due to government grant of \$1.6 million and PIC Cash Payout of \$0.7 million received during FY2014.

The increase in income tax expenses was the result of increase in taxable income for FY2014.

Statements of Financial Position

The increase of \$15.1 million in property, plant and equipment was attributed to the capitalisation of the costs of investment related to the Chinatown Food Street completed during FY2014 and the new HQ building in progress.

Other assets (non-current and current) decreased by \$0.8 million during FY2014 mainly due to the decrease in prepayments, deposits and advances and tender deposits paid for food courts which was completed and launched during 2014.

Decrease in inventory of \$0.2 million was due to the increase in business activities during FY2014. The increase of trade and other receivables (current) by \$1.0 million during FY2014 was mainly due to increase in revenue.

Other financial liabilities (non-current and current) increased by \$12.8 million in FY2014 mainly due to the increase in bank borrowings for Chinatown Food Street and the new HQ building in progress.

Trade and other payables (current) increased by \$0.7 million mainly due to the increase in subcontractor payments for renovation works of food courts launched in second half of 2014, such food courts at NTU and Changi Airport.



FINANCIAL REVIEW



The Group had a negative working capital (Total Current Assets less than Total Current Liabilities) for FY2014. Payments made for dividends and rental deposits during FY2014 reduced the current assets, while increases in provision of renovation works and rental provision of rent-free periods for new food retail outlets, food courts and subcontractors payment accrued for new HQ building in progress during FY2014 increased the current liabilities.

Consolidated Statement of Cash flows

The Group's operations in FY2014 generated a net cash flow of \$14.8 million from operating activities compared to \$12.8 million in FY2013. The increase was due mainly to the receipt of \$1.6 million government grant and PIC Cash Payout of \$0.7 million and the increase in revenue compared to FY2013.

The increase of cash used in investing activities was mainly due to food courts launched during FY2014, such as Chinatown Food Street, food courts at NTU and Changi Airport, and the new HQ building in progress. Hence, purchase of plant and equipment during FY2014 also increased.

The net cashflow from financing activities of \$11.7 million was mainly due to new bank loans obtained during FY2014. The increase in cash balance compared to FY2013 was mainly the result of the above.

BOARD OF DIRECTORS



From left to right:
Mr. Vincent Tan Chor Khoon, Mdm. Ho Geok Choo, Mr. Kwah Thiam Hock

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).

BOARD OF DIRECTORS



From left to right:
Mr. Tan Choh Peng, Mr. Michael Lai Kai Jin, Mr. Adrian Lee Chye Cheng

Mr. 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 graduated from the National University of Singapore with an L.L.B (Hons) Degree in 1994 and was called to the Singapore Bar the following year. He was formerly a shipping lawyer in private practice for 16 years and retired as a partner of a major Singaporean law firm. Mr. Lai currently holds the position of Group General Counsel of Ezra Holdings Ltd and he is also the Head of Insurance in charge of the Group's captive insurer. Mr. Lai is also a director of Naga Corp Ltd, a company listed on the Hong Kong Stock Exchange.

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. Tan Choh Peng, Mr. Deon Kwok, Ms. Doris Pek

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.

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Mr. Deon Kwok joined our group in August 2007 as Group Financial Controller and was also appointed as the Group's Company Secretary since January 2010.

He has more than 18 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 the SGX-ST.

Mr. Deon Kwok holds a Bachelor's Degree in Commerce, with a double-major 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.

KEY MANAGEMENT



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 12th Anniversary in 2014 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 restaurant 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 34 years of diversified experience in the F&B, retail, and service industries in the region with 30 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 the advertising, retail and F&B industries and understanding of industry knowledge has brought about proven changes in the group.



Our **CORE
BUSINESSES**



- 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



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.



EXQUISITE CHINESE DINING

In 2014, Peach Garden launched its fifth outlet, located at the Nanyang Technological University. This is in addition to its existing four restaurants, as well as two Chinese dining and two noodle house concepts.

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 appointed 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, Peach Garden Outdoor Catering Service is well-versed in putting together a delectable spread for every function, be it corporate events or wedding banquets, indoor or outdoor venues.

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 a new ala carte menu through creative menu engineering.

The focus of Peach Garden is to uphold and improve on our food quality and service standard without compromising on customers' dining experiences.

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 clientele. 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.



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 inaugural Youth Olympic Games, StanChart Marathon, OCBC Cycle and many more.

WE TAKE PAINSTAKING EFFORTS TO ENSURE THAT CUSTOMERS RECEIVE TOP QUALITY FOOD AND SERVICES FROM US.

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

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.



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.

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 has now expanded with our very first overseas outlet in Kuala Lumpur, Malaysia.

With a brand new identity and ambience to elevate the brand into the modern era, diners of our newly opened outlets in Singapore such as those at OneKM and The Seletar Mall are treated to a welcoming haven of familiar Hong Kong eating places with iconic Hong Kong images.

Using quality ingredients, Hong Kong Sheng Kee Dessert offers a tempting array of authentic Hong Kong style noodles such as Wonton 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 Yolk Custard Pau and HK Carrot Cake as well as irresistible signature desserts like SK Mango Pomelo Sago and Lemongrass Jelly with Passion Fruit and Soursop.

Hong Kong Sheng Kee Dessert endeavours to serve the warmth and quality of our cuisine to diners worldwide. Reflecting the special meaning of our Chinese name '香港盛記甜品', where 盛 represents 茂盛 (prosperity), we will continue to grow from strength to strength locally and abroad.

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.

08

HOR FUN SPECIALTY



At Lou Yau, our hor fun is 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!

09

VIETNAMESE RESTAURANT CHAIN



Pho Street aims to ignite 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.



IO

WESTERN CONCEPT

Griddy is created to respond to consumers' growing demand for quick-casual all-day dining food at affordable prices. Griddy offers savoury and sweet waffles artfully crafted to be visual and gastronomic delights.

Diners can waffle down a Griddy Burger in either waffle or even ciabatta bread option or revel in a wide range of spaghetti selections. For those who enjoy brunch-style food items, Griddy's The New Yorker will satisfy their palate. Sweet waffle creations such as Strawberry Cheesecake 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.

II

QUICK SERVICE RESTAURANT

Operating one of the largest quick-service chicken restaurants in the world, Texas Chicken serves freshly prepared chicken and tenders 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 value leader in the chicken quick service restaurant category with our exceptional product quality and value pricing. Our value 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.



I2

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 classic Italian cuisine at Casa Verde.

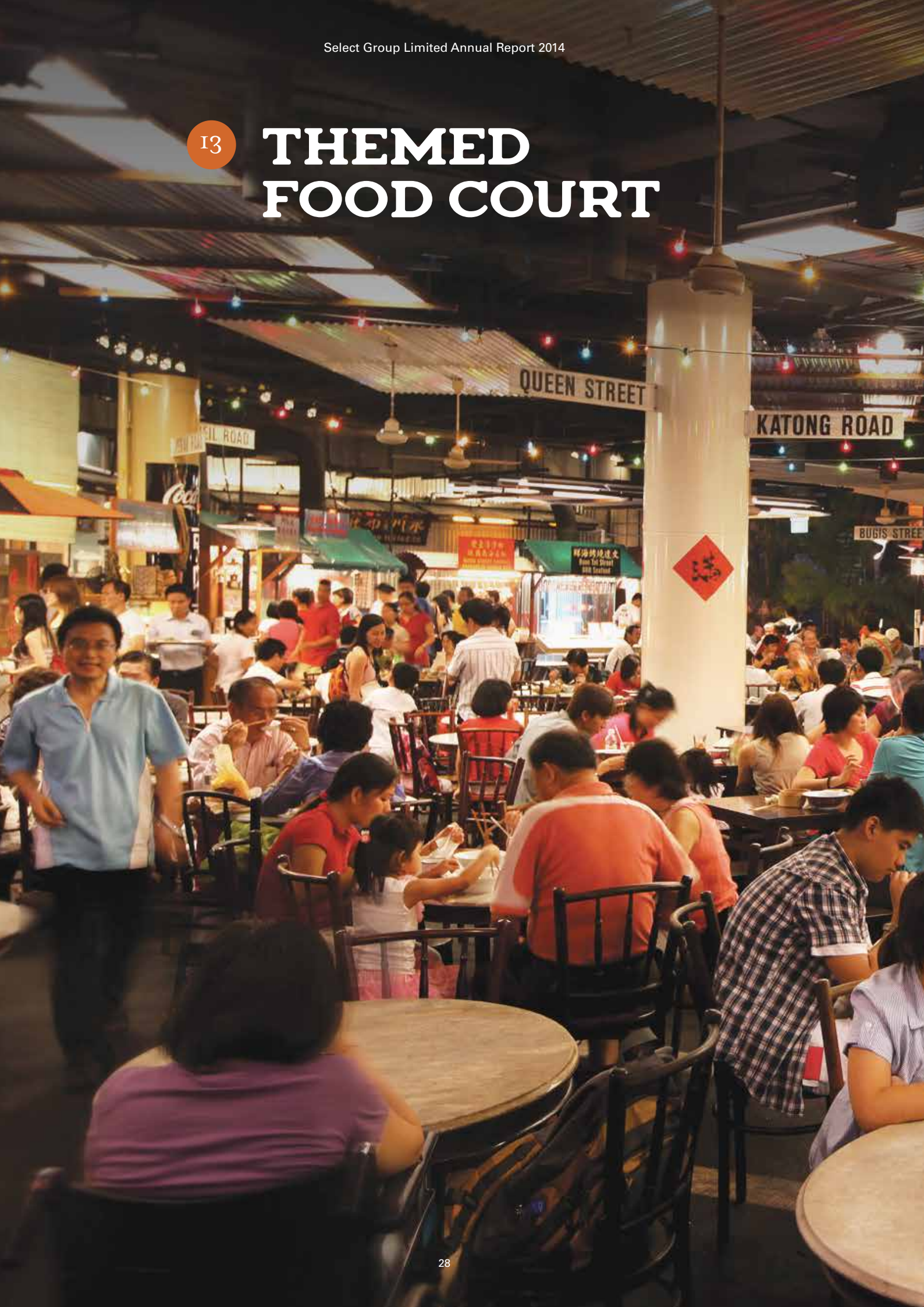
Offering a diverse range of local and international cuisines to choose from, Supertree Dining caters to the different budgets and tastes of visitors to Gardens by

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 COURT





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.

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.

**THE ONE STOP
GATEWAY TO
A SPREAD
OF SAVOURY,
ZESTY AND
DELICIOUS
SINGAPORE
FOOD**



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.

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.

GROUP STRUCTURE

SELECT GROUP



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vincent Tan Chor Khoo

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 Khoo

Mr. Michael Lai Kai Jin

REMUNERATION COMMITTEE

Mr. Michael Lai Kai Jin (Chairman)

Mr. Kwah Thiam Hock

Mdm. Ho Geok Choo

SECRETARY

Mr. Kwok Chi Biu

CA Singapore

PRINCIPAL BANKERS

Overseas-Chinese Banking Corporation Limited

DBS Bank Ltd

United Overseas Bank Limited

REGISTERED OFFICE

36 Senoko Crescent

Singapore 758282

Tel: (65) 6887 8300

Fax: (65) 6852 3335

Website: www.select.com.sg

SHARE REGISTER

Boardroom Corporate & Advisory Services Pte. Ltd.

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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. Teo Cheow Tong

(with effect from the financial year ended

31 December 2010)

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Corporate Governance

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 2014, 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. This composition complies with the Code’s requirement that at least one-third of the Board should be made up of independent directors. 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 Khoo	-	Chairman & Managing Director
Mr. 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. Tan Choh Peng is a brother of Mr. Vincent Tan Chor Khoo.

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;

Corporate Governance

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;
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
Tan Chor Khoon	4	N.A.	1	N.A.
Tan Choh Peng	4	N.A.	N.A.	N.A.
Kwah Thiam Hock	4	4	1	1
Michael Lai Kai Jin	2	2	–	–
Ho Geok Choo	3	3	1	1
Adrian Lee Chye Cheng	4	N.A.	N.A.	N.A.

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

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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.

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 Khoo	
	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

Corporate Governance

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 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 Articles of Association 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 Khoo	Executive Chairman and Managing Director	27.01.1995	25.04.2013
Tan Choh Peng	Executive Director	27.01.1995	27.04.2012
Kwah Thiam Hock	Independent Director	26.10.2004	25.04.2014
Michael Lai Kai Jin	Independent Director	16.05.2008	27.04.2012
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 Directors 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 our 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 "Directors' Report" 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.

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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	
Listed Overseas		
Michael Lai Kai Jin	Pan Asia Mining Limited Interlink Petroleum Limited Naga Corp Ltd	
Adrian Lee Chye Cheng	Interlink Petroleum Limited	

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.

Corporate Governance

No Director or member of the Remuneration Committee shall be involved in deciding his own remuneration, except for the provision of information and documents specifically 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 2014 were as follows:

Name	Remuneration Band	Salary %	Bonus %	Directors' Fee %	Total %
Directors					
Tan Chor Khoon	Band C	54	46	–	100
Tan Choh Peng	Band B	66	34	–	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	64	36	–	100
Angela Ho	Band B	65	35	–	100
Doris Pek	Band A	82	18	–	100
Deon Kwok	Band A	82	18	–	100
Keith To	Band A	84	16	–	100
Eugene Lim	Band A	81	19	–	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.

Mr. Keith To was appointed as an executive officer on 11 August 2014.

Mr. Eugene Lim was promoted to an executive officer on 11 July 2014.

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.

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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 2014, except for Mdm. Doris Pek 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 Peh 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:

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	49	Wife of Mr. Tan Chor Khoo, Managing Director of Select Group Limited	Director of HR, Training & IT 2013	No change
		Sister-in-law of Mr. Tan Choh Peng, Executive Director of Select Group Limited		
Mdm. Ang Suan Tin	61	Aunt-in-law of Mr. Tan Chor Khoo, Managing Director of Select Group Limited	Operation Manager 2008	No change
		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		

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 Directors' Report on pages 47 to 48.

Corporate Governance

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 Group 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.

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 countermeasures 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

Corporate Governance

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 2014.

AUDIT COMMITTEE

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

The Audit Committee comprises three non-executive independent director 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;
- 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 Group'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.

Corporate Governance

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\$332,000 and S\$123,000 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 Robert Teo, Kuan & Co. and Crowe Horwath Malaysia are the appointed external auditors of certain overseas subsidiaries of the Company, namely, Sheng Kee Restaurant Sdn Bhd (formerly known as Select Hospitality Services 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 complied 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.

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.

Corporate Governance

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Notice of the 2014 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 Articles 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 Articles 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 Group to the Directors. The Chairman of the Audit Committee, Nominating Committee and Remuneration Committee would be present at the AGMs 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. For the time being, the resolutions of the Company are carried out by show of hands and voting by poll will only be carried out when it is demanded by the Chairman or the shareholders in accordance with the provisions of the Company's Articles of Association. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company 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.

Corporate Governance

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 2014, 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.)	202	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 2014.

NON-SPONSOR FEES

There are no non-sponsor fees paid to the Sponsor for the financial year ended 31 December 2014.

STATEMENT OF COMPLIANCE

The Board confirms that for the financial year ended 31 December 2014, the Company has generally adhered to the principles and guidelines as set out in the Code.

Directors' Report

The directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the reporting year ended 31 December 2014.

1. DIRECTORS AT DATE OF REPORT

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

Executive directors

Mr. Tan Chor Khoo

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

2. 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 was there any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the option rights mentioned in paragraph 5 below.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the reporting year had no interests in the share capital of the Company and related corporations 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:

Name of directors and companies in which interests are held	Direct interest		Deemed interest	
	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			
Tan Chor Khoo	19,206,400	19,206,400	10,875,200	10,875,200
Tan Choh Peng	2,196,800	3,109,800	10,413,000	9,500,000

By virtue of section 7 of the Act, Tan Chor Khoo is deemed to have an interest in all the related corporations of the Company.

The directors' interests as at 21 January 2015 were the same as those at the end of the reporting year.

Directors' Report

4. CONTRACTUAL BENEFITS OF DIRECTOR

Since the beginning of the reporting year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Chapter 50, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest, except as disclosed in the financial statements.

There were certain transactions (shown in the financial statements under related party transactions) with corporations in which certain directors have an interest.

5. SHARE 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 (the "**Scheme Committee**") is charged with the administration of the Scheme in accordance with the rules of the Scheme. 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.

Directors' Report

5. SHARE OPTIONS (CONT'D)

During the reporting year, no options to take up unissued shares of the Company or any subsidiary were granted.

During the reporting year, there were no shares of the Company or any subsidiaries issued by virtue of the exercise of an option to take up unissued shares. There were no employee share options granted since the commencement of the Scheme. Therefore, the provisions defined under Rule 851(1)(b), (c) and (d) of the Listing Manual of SGX are not applicable.

At the end of the reporting year, there were no unissued shares of the Company or any subsidiary 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 lead 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 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 Catalist Rules)

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.

Directors' Report

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, the Board and Board Committees, 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 2014.

8. INDEPENDENT AUDITORS

The independent auditors, RSM Chio Lim LLP, have expressed their 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 28 February 2015, 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
Director

.....
Tan Choh Peng
Director

2 April 2015

Statement by Directors

In the opinion of the directors,

- (a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results and cash flows of the Group and changes in equity of the Company and of the Group for the reporting year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On Behalf of the Directors

.....
Tan Chor Khoon
Director

.....
Tan Choh Peng
Director

2 April 2015

Independent Auditors' Report

To the Members of SELECT GROUP LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated 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 2014, 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 a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the 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 statements of profit or loss and other comprehensive income and statements of financial position 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of the financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the 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

2 April 2015

Partner-in-charge of audit: Teo Cheow Tong
Effective from financial year ended 31 December 2010

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2014

	Note	Group	
		2014 \$'000	2013 \$'000
Revenue	4	147,024	128,897
Cost of sales		(48,491)	(40,681)
Gross profit		98,533	88,216
<u>Other items of income</u>			
Interest income	5	3	9
Other gains	6	2,392	526
<u>Other items of expense</u>			
Marketing and distribution costs		(2,909)	(2,504)
Administrative expenses	8	(61,470)	(55,227)
Finance costs	7	(353)	(245)
Other operating expenses	9	(28,699)	(28,551)
Other losses	6	(406)	(771)
Profit before tax from continuing operations		7,091	1,453
Income tax (expense) income	10	(1,063)	261
Profit from continuing operations, net of tax		6,028	1,714
<u>Other comprehensive income (loss):</u>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		113	(126)
Other comprehensive profit (loss) for the year, net of tax		113	(126)
Total comprehensive income for the year		6,141	1,588
Profit attributable to owners of the parent, net of tax		6,028	1,714
Total comprehensive income attributable to owners of the parent		6,141	1,588
		Cents	Cents
Earnings per share			
Earnings per share currency unit			
Basic	11	4.23	1.20
Diluted	11	4.23	1.20

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

Statements of Financial Position

As at 31 December 2014

		Group		Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	12	39,579	24,437	633	790
Intangible assets	13	5,968	6,175	–	–
Investment property	14	546	576	546	576
Investments in subsidiaries	15	–	–	15,643	15,157
Investments in associate	16	–	–	–	–
Deferred tax assets	10	333	607	247	338
Other receivables, non-current	17	–	–	12,541	9,270
Other financial asset, non-current	18	–	–	–	–
Other assets, non-current	21	2,045	2,353	–	–
Total non-current assets		48,471	34,148	29,610	26,131
<u>Current assets</u>					
Inventories	19	2,027	2,232	–	–
Trade and other receivables, current	20	6,226	5,260	11,435	7,989
Other assets, current	21	3,463	3,954	201	137
Cash and cash equivalents	22	16,961	12,068	2,569	1,063
Total current assets		28,677	23,514	14,205	9,189
Total assets		77,148	57,662	43,815	35,320
EQUITY AND LIABILITIES					
<u>Equity attributable to owners of the parent</u>					
Share capital	23	15,284	15,284	15,284	15,284
Retained earnings		5,616	869	6,532	2,626
Foreign currency reserve		47	(66)	–	–
Total equity		20,947	16,087	21,816	17,910
<u>Non-current liabilities</u>					
Deferred tax liabilities	10	1,608	1,133	–	–
Other payables, non-current	26	–	–	13,847	11,860
Other financial liabilities, non-current	25	13,583	3,488	2,174	957
Other liabilities, non-current	28	1,874	1,265	–	–
Long-term provision	29	1,016	934	–	–
Total non-current liabilities		18,081	6,820	16,021	12,817
<u>Current liabilities</u>					
Income tax payable		1,135	912	–	–
Trade and other payables, current	27	29,128	28,391	2,077	2,303
Other financial liabilities, current	25	6,493	3,750	3,901	2,290
Other liabilities, current	28	1,364	1,702	–	–
Total current liabilities		38,120	34,755	5,978	4,593
Total liabilities		56,201	41,575	21,999	17,410
Total equity and liabilities		77,148	57,662	43,815	35,320

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

Statements of Changes in Equity

Year Ended 31 December 2014

Group	Total Equity \$'000	Share Capital \$'000	Retained Earnings/ (Accumulated Losses) \$'000	Foreign Currency Reserve \$'000
Current year:				
Opening balance at 1 January 2014	16,087	15,284	869	(66)
Movement 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
Previous year:				
Opening balance at 1 January 2013	18,057	15,284	2,713	60
Movements in equity:				
Total comprehensive income (loss) for the year	1,588	–	1,714	(126)
Dividends paid (Note 30)	(3,558)	–	(3,558)	–
Closing balance at 31 December 2013	16,087	15,284	869	(66)

Company	Total Equity \$'000	Share Capital \$'000	Retained Earnings \$'000
Current year:			
Opening balance at 1 January 2014	17,910	15,284	2,626
Movement 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
Previous year:			
Opening balance at 1 January 2013	18,570	15,284	3,286
Movements in equity:			
Total comprehensive income for the year	2,898	–	2,898
Dividends paid (Note 30)	(3,558)	–	(3,558)
Closing balance at 31 December 2013	17,910	15,284	2,626

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2014

	Group	
	2014 \$'000	2013 \$'000
<u>Cash flows from operating activities</u>		
Profit before tax	7,091	1,453
Adjustments for:		
Interest income	(3)	(9)
Interest expense	353	245
Amortisation of other intangible assets	207	208
Depreciation of property, plant and equipment	6,690	6,108
Depreciation of investment property	30	31
Loss (gain) on disposal of plant and equipment	15	(47)
Plant and equipment written off	364	687
Reversal of reinstatement cost	(49)	(15)
Net effect of exchange rate changes in consolidating subsidiaries	114	(126)
Operating cash flows before working capital changes	14,812	8,535
Inventories	205	(613)
Trade and other receivables, current	(966)	906
Other assets, current	491	(2,071)
Trade and other payables, current	737	5,578
Other liabilities, current	(338)	960
Net cash flows from operations	14,941	13,295
Income tax paid	(93)	(498)
Net cash flows from operating activities	14,848	12,797
<u>Cash flows from investing activities</u>		
Disposal of plant and equipment	853	470
Purchase of plant and equipment	(22,605)	(10,979)
Other assets, non-current	308	743
Interest received	3	9
Net cash flows used in investing activities	(21,441)	(9,757)
<u>Cash flows from financing activities</u>		
Dividends paid to equity owners	(1,281)	(3,558)
Increase from new borrowings	15,558	2,708
Decrease in other financial liabilities	(3,231)	(2,635)
Cash restricted in use	498	71
Other liabilities, non-current	609	(285)
Interest paid	(408)	(245)
Net cash flows from (used in) financing activities	11,745	(3,944)
Net increase (decrease) in cash and cash equivalents	5,152	(904)
Cash and cash equivalents, statement of cash flows, beginning balance	9,207	10,111
Cash and cash equivalents, statement of cash flows, ending balance (Note 22A)	14,359	9,207

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

Notes to the Financial Statements

31 December 2014

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 companies in the Group. It is listed on the Catalist which is a shares market on Singapore Exchange Securities Trading Limited.

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

The registered office is: 36 Senoko Crescent, Singapore 758282. 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 2014, the Group's current liabilities exceeded their current assets by \$9,443,000. The Group and the Company are dependent on utilised credit facilities committed by banks and the availability of future cash flows from the Group's operations. The management has taken steps to improve the Group's working capital position and cash inflow from operating activities. The management is satisfied that with the Group's revenue settled mainly by cash and credit card sales, availability of bank's committed lines, the Group will be able to meet obligations as and when they fall due. It is appropriate for the financial statements to be prepared on a going concern basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Other comprehensive income comprises items of income and expense (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.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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.

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.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF 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 agrees 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.

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.

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.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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.

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 annual rates of depreciation are as follows:

Leasehold properties	–	over the remaining terms of lease that are from 3.3% to 11.0%
Leasehold improvements	–	16.6% to 33.3%
Plant and equipment	–	10.0% to 33.3%

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.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

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.

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 long-term provisions.

Investment property

Investment property is property 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 fair value model is used to measure the investment property at fair value as of the end of the reporting year. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the reporting year in which it arises. The fair values are measured periodically on a systematic basis at least once yearly by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

The annual rate of depreciation is over the terms of lease that is 25 years.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. 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 cost 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.

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 lives are 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.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Business combinations

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

Goodwill

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 an intangible asset with an indefinite useful life or an 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 represent 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 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at 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.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets (cont'd)

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.

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.

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.

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.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four 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.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

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 2014

2. SUMMARY OF 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.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. 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.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Group discloses financial and descriptive information about its 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.

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.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Carrying value of intangible assets:

An assessment is made of the carrying value of identifiable intangible assets annually, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors that trigger an impairment review include under performance relative to historical or projected future results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business and significant negative industry or economic trends. The most significant variables in determining cash flows are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Amounts estimated could differ materially from what will actually occur in the future. The carrying amount is disclosed in Note 13B.

Properties:

The Group has leasehold and investment properties stated at an aggregate carrying value of \$1,163,000 (2013: \$1,367,000). An assessment is made at each reporting date whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash generating units if applicable is determined based on value-in-use calculation. The value-in-use calculations require the use of estimates. If the revised estimated gross margin is less favourable than that used in the calculations there would be a need to provide for impairment. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

Useful lives of 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 \$26,661,000 (2013: \$19,590,000).

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.

Notes to the Financial Statements

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 \$914,000 (2013: \$481,000) at the end of the reporting year.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same Group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3A. Related companies:

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 2014

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

3B. Related parties other than related companies:

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.

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:

Group	Related party	
	2014 \$'000	2013 \$'000
Management fee income	132	132
Rental income	70	–

The related party, Wisteria Hotel Management Pte Ltd, is a subsidiary of the substantial shareholder, Jit Sun Investments Pte Ltd.

3C. Key management compensation:

	Group	
	2014 \$'000	2013 \$'000
Salaries and other short-term employee benefits	2,446	2,186

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

	Group	
	2014 \$'000	2013 \$'000
Remuneration of directors of the Company	1,152	834
Remuneration of directors of subsidiaries	624	534
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 2014

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 parties	
	2014 \$'000	2013 \$'000
<u>Other receivables:</u>		
Balance at beginning of year	402	402
Amounts paid in and settlement of liabilities on behalf of the company	(133)	–
Balance at end of year	269	402

4. REVENUE

	Group	
	2014 \$'000	2013 \$'000
Sales of food and beverage	133,647	117,369
Services income	12,460	11,009
Other income	917	519
	147,024	128,897

5. INTEREST INCOME

	Group	
	2014 \$'000	2013 \$'000
Interest income	3	9

Notes to the Financial Statements

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6. OTHER CREDITS AND (OTHER CHARGES)

	Group	
	2014 \$'000	2013 \$'000
Bad trade debts written off	(17)	(26)
Foreign exchange adjustment loss	(2)	(1)
Government grant from projects and special employment credit	1,641	464
(Loss) gain on disposal of plant and equipment	(15)	47
Productivity and innovation credit cash payout	677	–
Plant and equipment written off	(364)	(687)
Allowance of impairment on trade receivables	–	(48)
Reversal of reinstatement cost	49	15
Insurance compensation	25	–
Others	(8)	(9)
Net	1,986	(245)
Presented in the profit or loss as:		
Other credits	2,392	526
Other charges	(406)	(771)
Net	1,986	(245)

7. FINANCE COST

	Group	
	2014 \$'000	2013 \$'000
Interest expense	408	245
Less : capitalised in property, plant and equipment (Note 12)	(55)	–
	353	245

8. ADMINISTRATIVE EXPENSE

The major components include the following:

	Group	
	2014 \$'000	2013 \$'000
Employee benefits expense :		
Employee benefits expenses	44,572	40,053
Contributions to defined contribution plan	4,526	4,053
Total employee benefits expense	49,098	44,106
Audit fees paid to:		
- auditors of the company	310	282
- other auditors	22	27
Non-audit fees paid to:		
- auditors of the company	119	81
- other auditors	4	1
Depreciation of property, plant and equipment	6,690	6,108

Notes to the Financial Statements

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9. OTHER OPERATING EXPENSES

The major components include the following:

	Group	
	2014 \$'000	2013 \$'000
Rental expenses	11,646	12,542
Utilities	5,528	5,400
Repair and maintenance	2,699	1,955
Upkeep of motor vehicles	587	509

10. INCOMETAX

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

	Group	
	2014 \$'000	2013 \$'000
<u>Current tax expense:</u>		
Current tax expense	722	217
Under (over) adjustments to tax in respect of previous period	78	(78)
Subtotal	800	139
<u>Deferred tax expense (income):</u>		
Deferred tax expense (income)	75	(400)
Under adjustments to deferred tax in respect of previous period	188	–
Subtotal	263	(400)
Total income tax expense (income)	1,063	(261)

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% (2013: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2014 \$'000	2013 \$'000
Profit before tax	7,091	1,453
Income tax expense at the above rate	1,206	247
Not deductible items	116	(9)
Tax exemption and rebate	(523)	(363)
Under (Over) adjustments to tax in respect of previous period	78	(78)
Under adjustments to deferred tax in respect of previous period	188	–
Unrecognised (Recognised) deferred tax assets	1	2
Others	(3)	(60)
Total income tax (income) expense	1,063	(261)

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

Notes to the Financial Statements

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10. INCOME TAX (CONT'D)

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

Group	2014 \$'000	2013 \$'000
Excess of net book value of plant and equipment over tax values	(431)	(50)
Differences in amortisation of intangible asset	35	36
Tax loss carryforwards	121	380
Provision	21	28
Others	(8)	8
Unrecognised deferred tax assets	(1)	(2)
Total deferred income tax (expense) income recognised in profit or loss	(263)	400

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

Group	2014 \$'000	2013 \$'000
<u>Deferred tax liabilities:</u>		
Excess of net book value of plant and equipment over tax values	(1,868)	(1,437)
Differences in amortisation of intangible asset	(317)	(352)
Total deferred tax liabilities	(2,185)	(1,789)
<u>Deferred tax assets:</u>		
Tax loss carryforwards	767	1,132
Provision	132	111
Others	19	27
Total deferred tax assets	918	1,270
Net total of deferred tax liabilities	(1,267)	(519)
Unrecognised deferred tax assets	(8)	(7)
Net total of deferred tax liabilities	(1,275)	(526)
Presented in the statements of financial position as follows:		
Deferred tax liabilities	(1,608)	(1,133)
Deferred tax assets	333	607
Net balance	(1,275)	(526)

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

Company	2014 \$'000	2013 \$'000
<u>Deferred tax assets:</u>		
Excess of tax values over net book value of plant and equipment	50	51
Tax loss carryforwards	197	287
Total deferred tax assets	247	338

Notes to the Financial Statements

31 December 2014

10. INCOME TAX (CONT'D)

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

The realisation of the future income tax benefits from tax loss carryforwards 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	
	2014 \$'000	2013 \$'000
A. Numerator: Profit attributable to equity		
Profit for the year attributable to the equity holders of the Company	6,028	1,714
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 period.

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

Notes to the Financial Statements

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12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property \$'000	Leasehold improvements \$'000	Leasehold property and improvements in progress \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost:</u>					
At 1 January 2013	4,776	17,261	–	20,653	42,690
Additions	–	4,504	4,056	3,179	11,739
Disposals	–	(1,851)	–	(1,009)	(2,860)
At 31 December 2013	4,776	19,914	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	4,776	29,889	12,301	25,405	72,371
<u>Accumulated Depreciation:</u>					
At 1 January 2013	3,615	8,568	–	10,591	22,774
Depreciation for the year	370	2,752	–	2,986	6,108
Disposals	–	(956)	–	(794)	(1,750)
At 31 December 2013	3,985	10,364	–	12,783	27,132
Depreciation for the year	174	3,520	–	2,996	6,690
Disposals	–	(346)	–	(684)	(1,030)
At 31 December 2014	4,159	13,538	–	15,095	32,792
<u>Net Book Value:</u>					
At 1 January 2013	1,161	8,693	–	10,062	19,916
At 31 December 2013	791	9,550	4,056	10,040	24,437
At 31 December 2014	617	16,351	12,301	10,310	39,579

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

	2014	2013
Capitalisation rates	2.0%	–
	\$'000	\$'000
Borrowing costs capitalised included in additions during the year	55	–
Accumulated interest capitalised included in the cost total	55	–

Notes to the Financial Statements

31 December 2014

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

Company	Leasehold property \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2013	2,695	1,534	4,229
Additions	–	13	13
At 31 December 2013 and 2014	2,695	1,547	4,242
<u>Accumulated Depreciation:</u>			
At 1 January 2013	1,810	1,475	3,285
Depreciation for the year	135	32	167
At 31 December 2013	1,945	1,507	3,452
Depreciation for the year	135	22	157
At 31 December 2014	2,080	1,529	3,609
<u>Net Book Value:</u>			
At 1 January 2013	885	59	944
At 31 December 2013	750	40	790
At 31 December 2014	615	18	633

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

The Company's leasehold property is mortgaged to the bank for bank facilities (Note 25).

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

13. INTANGIBLE ASSETS

	Group	
	2014 \$'000	2013 \$'000
Goodwill (Note 13A)	4,104	4,104
Other intangible assets (Note 13B)	1,864	2,071
Total at cost	5,968	6,175

13A. Goodwill

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

Notes to the Financial Statements

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13. INTANGIBLE ASSETS (CONT'D)

13A. Goodwill (cont'd)

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 cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("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 cash-generating units 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 cash-generating unit are consistent with those used for the measurement last performed and is analysed as follows:

	Range (weighted average)	
	2014	2013
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.	12%	10%
2. Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.	0%-2% (0%)	0%-3% (0%)
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 0% 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 12%. Management believes that any reasonably possible change in the key assumptions on which this division's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount. 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 cash-generating unit are consistent with those used for the measurement last performed.

Management believes that any reasonably possible change in the key assumptions on which the divisions's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount. 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 cash-generating unit are consistent with those used for measurement last performed.

Notes to the Financial Statements

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13. INTANGIBLE ASSETS (CONT'D)

13B. Other intangible assets

Group	Brand name \$'000
<u>Cost:</u>	
At 1 January 2013	3,107
At 31 December 2013	3,107
At 31 December 2014	3,107
<u>Accumulated Amortisation:</u>	
At 1 January 2013	828
Amortisation for the year	208
At 31 December 2013	1,036
Amortisation for the year	207
At 31 December 2014	1,243
<u>Net Book Value:</u>	
At 1 January 2013	2,279
At 31 December 2013	2,071
At 31 December 2014	1,864

The amortisation for the year is charged under administrative expenses.

14. INVESTMENT PROPERTIES

	Group and Company	
	2014 \$'000	2013 \$'000
<u>Cost:</u>		
At beginning and end of the year	758	758
<u>Accumulated Depreciation:</u>		
At 1 January 2013	151	121
Depreciation for the year	31	30
At 31 December 2013	182	151
Depreciation for the year	30	31
At 31 December 2014	212	182
At beginning of the year	182	151
Depreciation for the year	30	31
At end of the year	212	182
<u>Net Book value:</u>		
At 1 January 2013	607	637
At 31 December 2013	576	607
At 31 December 2014	546	576
Fair value at end of the year	560	800
Rental and service income from investment properties	98	98
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period	39	43

Notes to the Financial Statements

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14. INVESTMENT PROPERTIES (CONT'D)

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

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

The depreciation expense is charged under administrative expenses.

The Company's investment properties are mortgaged to the bank for bank facilities (Note 25).

The inputs of fair value estimation are under level 3 category and the valuation technique used by the management is market comparison method. The significant unobservable input is the assumption on the movement of the industrial property market index in Singapore. Significant increases (decreases) in the unobservable input would result in a significant higher (lower) fair value measurement. However, it has no impact on the profit before tax.

The details of the investment properties are disclosed below:

Location of Investment Properties	Gross Floor Area	Tenure of land / Last Valuation Date
3017 Bedok North Street 5 #02-33 & #02-34 Singapore 486121	342 sq m	30 year lease commencing 1 April 2002 Last Valued in 2006

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 \$'000	2013 \$'000
Cost at the beginning of the year	14,510	15,654
Quasi – equity loans ^(N1)	3,380	3,380
Additions	200	1,800
Written off	(755)	(2,944)
Allowance for impairment	(1,692)	(2,733)
Cost at the end of the year	15,643	15,157
Total cost comprising:		
Unquoted equity shares at cost	17,335	17,890
Allowance for impairment	(1,692)	(2,733)
Total at cost	15,643	15,157
Net book value of subsidiaries	5,660	9,043

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	Company	
	2014 \$'000	2013 \$'000
Movement in above allowance:		
Balance at beginning of the year	2,733	4,397
Impairment loss charge to profit or loss ^(N2)	600	780
Impairment loss reverse to profit or loss ^(N3)	(886)	–
Written off - liquidated	(755)	(2,444)
Balance at end of the year	1,692	2,733

^(N1) These are interest free quasi-equity loans from the Company to the following wholly-owned subsidiary, 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 on two subsidiaries were considered sufficient evidence to trigger the impairment test. The impairment test has resulted in the recognition of a loss. Accordingly, an allowance of impairment has been fully provided on the cost of investment.

^(N3) The increasing performances on three subsidiaries were considered sufficient evidence to reverse the impairment loss.

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	
	2014 \$'000	2013 \$'000	2014 %	2013 %
<u>Held by Select Group Limited:</u>				
Stamford Catering Services Pte. Ltd. ^(a) Singapore Operator of catering services and staff cafeterias	250	250	100	100
Select Food Management Pte. Ltd. ^(a) Singapore Operator of food court stalls	659	659	100	100
LerkThai Restaurant Pte. Ltd. ^(a) Singapore Operator of restaurants and food outlets	200	200	100	100
SCS Food Services Pte. Ltd. ^(a) Singapore Food and beverages hub management services	100	100	100	100
Select (F&B) Investment Pte. Ltd. ^(a) Singapore Investment holding	100	3,044	100	100
SuperTree F&B Pte. Ltd. ^(a) Singapore Food and beverages hub management services	636	636	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	
	2014 \$'000	2013 \$'000	2014 %	2013 %
<u>Held by Select Group Limited:</u>				
Select Catering Services Pte. Ltd. ^(a) Singapore Operator of catering services	150	150	100	100
Pro*3 Institutional Catering Pte. Ltd. ^(a) Singapore Operator of food courts stalls and staff cafeterias	150	150	100	100
Hill Street Coffee Shop Pte. Ltd. ^(a) Singapore Operator of retail food outlets	400	400	100	100
Select Café Pte. Ltd. ^(e) Singapore (Deregistered) Operator of restaurants	–	755	–	51
Universal Dining Pte. Ltd. ^(a) Singapore Operator of food court stalls	480	480	100	100
Peach Garden @ GBB Pte. Ltd. ^(a) Singapore Operator of restaurants	9,138	9,138	100	100
Peach Garden @ OCC Pte. Ltd. ^(a) Singapore Operator of restaurants	1,000	1,000	100	100
Peach Garden Restaurant Pte. Ltd. ^(a) Singapore Operator of restaurants	480	480	100	100
Sheng Kee Dessert Pte. Ltd. ^(a) Singapore Operator of restaurants and food outlets	300	300	100	100
Texas Chicken (Singapore) Pte. Ltd. ^(a) Singapore Operator of fast food restaurant	480	480	100	100
Texas Chicken Restaurant Pte. Ltd. ^(a) Singapore Operator of fast food restaurant	300	300	100	100
Stylze Catering Pte. Ltd. ^(a) Singapore Operator of catering services	200	–	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	
	2014 \$'000	2013 \$'000	2014 %	2013 %
<u>Held by Select Group Limited:</u>				
Lou Yau Bean Sprouts Chicken Pte. Ltd. ^(a) Singapore Operator of retail food outlets	300	300	100	100
Sheng Kee Restaurant Pte. Ltd. ^(a) Singapore Operator of restaurants and food outlets	300	300	100	100
Texas Chicken (QSR) Pte. Ltd. ^(d) Singapore Dormant	–	–	100	100
Sheng Kee Restaurant Sdn Bhd ^(b) (Formerly known as Select Hospitality Services Sdn Bhd) Malaysia Operator of restaurants and food outlets (RSM Robert Teo, Kuan & Co)	212	212	100	100
Chinatown Food Street Pte Ltd ^(a) Singapore Operator of hub management services	300	300	100	100
Griddy Restaurant Pte Ltd ^(a) Singapore Operator of retail food outlets	300	300	100	100
Lou Yau Restaurant Pte Ltd ^(a) Singapore Operator of retail food outlets	300	300	100	100
Pho Street Restaurant Pte Ltd ^(a) Singapore Operator of retail food outlets	300	300	100	100
Select Property Management Pte Ltd ^(a) Singapore Operator of investment holdings	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	
	2014 \$'000	2013 \$'000	2014 %	2013 %
<u>Held by Subsidiaries of Select Group Limited:</u>				
Select Food Management Sdn Bhd ^(c) Malaysia Dormant (Crowe Howarth, Malaysia)	46	46	100	100
Hill Street Coffee Shop Sdn Bhd ^{(b) (d)} (Incorporated on 24 September 2014) Malaysia Dormant	–	–	100	–
Peach Garden (Novena) Pte. Ltd. ^(a) Singapore Operator of restaurants	400	400	100	100
Peach Garden Pte. Ltd. ^(a) Singapore Operator of restaurants	206	206	100	100
PG Restaurant Pte. Ltd. ^{(a) (d)} Singapore Operator of restaurants	–	–	100	100
Peach Garden @33 Pte. Ltd. ^{(a) (d)} Singapore Operator of restaurants	–	–	100	100

^(a) Audited by RSM Chio Lim LLP in Singapore.

^(b) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

^(c) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

^(d) Cost of investment is less than \$1,000.

^(e) Liquidated during the reporting year.

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

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	
	2014 \$'000	2013 \$'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		Percentage of equity held by group	
	2014 \$'000	2013 \$'000	2014 %	2013 %
LerkThai (M) Sdn Bhd				
Malaysia				
Operator of restaurants	125	125	30	30

For reporting year ended 31 December 2012 and 2013, no audited financial statements are available and the loss for impairment has been fully provided in previous years.

17. OTHER RECEIVABLES, NON-CURRENT

	Company	
	2014 \$'000	2013 \$'000
Loan receivable from subsidiaries (Note 3)	15,622	12,065
Less: allowance for impairment	(3,081)	(2,795)
	12,541	9,270
Movements in above allowance:		
Balance at beginning of year	2,795	–
Charged to profit or loss included in other losses	286	2,795
Balance at end of year	3,081	2,795

The agreement for the loan receivable provides that it is unsecured, without fixed repayment term and with interest rate of 5% (2013: 5%) per annum. The loan is not expected to be repaid in the foreseeable future. The carrying value of the loan is assumed to be a reasonable approximation of fair value (Level 2).

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18. OTHER FINANCIAL ASSET, NON-CURRENT

	Group	
	2014 \$'000	2013 \$'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	
	2014 \$'000	2013 \$'000
Consumables and supplies	2,027	2,232
Cost of inventories charged to profit or loss	39,986	35,830

There are no inventories pledged as security for liabilities.

20. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables:				
Outside parties	4,839	4,607	–	–
Subsidiaries (Note 3)	–	–	1,682	1,639
Related parties (Note 3)	364	223	365	224
Less: allowance for impairment	–	(55)	(74)	(74)
Subtotal	5,203	4,775	1,973	1,789
Other receivables:				
Outside parties	754	83	49	–
Related party (Note 3)	269	402	269	402
Subsidiaries (Note 3)	–	–	9,144	5,805
Less: allowance for impairment	–	–	–	(7)
Subtotal	1,023	485	9,462	6,200
Total trade and other receivables	6,226	5,260	11,435	7,989
Movements in above allowance:				
Balance at beginning of year	55	7	81	74
Charge for trade receivables to profit or loss				
included in other losses	–	48	–	7
Written off	(55)	–	(7)	–
Balance at end of year	–	55	74	81

Notes to the Financial Statements

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21. OTHER ASSETS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deposits to secure services ^(a)	4,311	4,276	28	89
Prepayments	1,197	2,031	173	48
	5,508	6,307	201	137
Presented in statements of financial position :				
Non-current	2,045	2,353	–	–
Current	3,463	3,954	201	137
	5,508	6,307	201	137

^(a) There is a cash collateral amounting \$469,000 (2013: \$469,000) held by financial institutions to cover the guarantees granted for the Group.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not restricted in use	15,907	10,516	1,515	11
Restricted in use ^(a)	1,054	1,552	1,054	1,052
	16,961	12,068	2,569	1,063
Interest earning balances	1,054	1,552	1,054	1,052

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

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

The rate of interest for the cash on interest earning balances is 0.30% to 0.95% (2013: 0.30% to 0.95%) per annum.

	Group	
	2014 \$'000	2013 \$'000
As shown above	16,961	12,068
Restricted in use	(1,054)	(1,552)
Bank overdraft (Note 25)	(1,548)	(1,309)
Cash and cash equivalents at end of year	14,359	9,207

22B. Non-cash transactions

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$23,063,000 (2013: \$11,739,000) of which \$272,000 (2013: \$460,000) was acquired by means of finance leases.

Notes to the Financial Statements

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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 2013	142,380	15,284
Balance at end of the year 31 December 2013	142,380	15,284
Balance at end of the year 31 December 2014	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.

Capital management:

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).

In order to maintain its listing on the Singapore Stock Exchange, it 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 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.

Notes to the Financial Statements

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23. SHARE CAPITAL (CONT'D)

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	
	2014 \$'000	2013 \$'000
Net debt:		
All current and non-current borrowings including finance leases	20,076	7,238
Less: cash and cash equivalents	(16,961)	(12,068)
Net debt / (cash)	3,115	(4,830)
Adjusted capital:		
Total equity	20,947	16,087
Adjusted capital	20,947	16,087
Debt-to-adjusted capital ratio	15%	N.M

The unfavourable change as shown by the increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in new debt. There was a favourable change with improved retained earnings.

N.M- The Group's cash and cash equivalent exceeded its total borrowings. Therefore, the debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk from borrowings.

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.

Notes to the Financial Statements

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25. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<u>Non-Current</u>				
<u>Financial instruments with floating interest rates:</u>				
Bank loans (unsecured) (Note 25A)	12,337	2,096	2,174	903
<u>Financial instruments with fixed interest rates:</u>				
Finance leases (Note 25B)	1,246	1,392	–	54
	13,583	3,488	2,174	957
<u>Current</u>				
<u>Financial instruments with floating interest rates:</u>				
Bank overdraft (secured) (Note 25A)	1,548	1,309	1,548	1,309
Bank loans (unsecured) (Note 25A)	4,532	1,906	2,299	751
<u>Financial instruments with fixed interest rates:</u>				
Finance leases (Note 25B)	413	535	54	230
	6,493	3,750	3,901	2,290
The non-current portion is repayable as follows:				
Due within 2 to 5 years	13,583	3,283	2,174	957
After 5 years	–	205	–	–
Total non-current portion	13,583	3,488	2,174	957

The ranges of floating interest rates paid were as follows:

	Group and Company	
	2014	2013
Bank loans (secured and unsecured)	2.56% to 3.22%	2.56% to 3.75%
Bank overdraft (secured)	5.25% to 7.35%	5.25% to 7.35%

The ranges of fixed interest rates paid were as follows:

	Group and Company	
	2014	2013
Finance leases	1.75% to 2.75%	2.60% to 3.60%

Notes to the Financial Statements

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25. OTHER FINANCIAL LIABILITIES (CONT'D)

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

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

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

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

Company:

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; and
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):

Subsidiaries:

1. A \$2,500,000 loan facility is repayable by 36 monthly instalments commencing from August 2012;
2. A \$3,494,000 loan facility is repayable by 36 monthly instalments commencing from September 2013; and
3. A \$8,563,000 loan facility is repayable by 60 monthly instalments commencing from July 2014.

25B. Finance leases liabilities

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2014</u>			
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

2013

Minimum lease payments payable:

Due within one year	620	(85)	535
Due within 2 to 5 years	1,412	(225)	1,187
Due more than 5 years	246	(41)	205
Total	2,278	(351)	1,927
Net book value of plant and equipment under finance leases			2,175

Company	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2014</u>			
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			— (*)

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
<u>2013</u>			
Minimum lease payments payable:			
Due within one year	252	(22)	230
Due within 2 to 5 years	61	(7)	54
Total	313	(29)	284
Net book value of plant and equipment under finance leases			– (*)

(*) The Company had entered 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:

	2014	2013
Average lease term, in years	3 to 7	3 to 7
Average 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	
	2014 \$'000	2013 \$'000
Loan payables to subsidiaries (Note 3)	13,847	11,860

The loans and advances to subsidiaries are unsecured and with a fixed rate of interest rate of 5% (2013: 5%) per annum and repayable after one year. The carrying amount of the loans is reasonable approximation of fair values (Level 2).

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27. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	24,660	27,025	1,153	795
Subsidiary (Note 3)	–	–	15	–
Subtotal	24,660	27,025	1,168	795
<u>Other payables:</u>				
For purchase of non-current assets	4,468	1,366	12	–
Subsidiaries (Note 3)	–	–	897	1,508
Subtotal	4,468	1,366	909	1,508
Total trade and other payables	29,128	28,391	2,077	2,303

28. OTHER LIABILITIES

	Group	
	2014 \$'000	2013 \$'000
Lease incentives	74	912
Tenants deposits	2,370	2,055
Deferred revenue (current)	794	–
	3,238	2,967
Presented in the statements of financial position as:		
Non-current	1,874	1,265
Current	1,364	1,702
	3,238	2,967

29. LONG-TERM PROVISION

Provision for dismantling and removing the item and restoring the site relating to property, plant and equipment.

Movement in provision:

	Group	
	2014 \$'000	2013 \$'000
At beginning of the year	934	649
Additions	131	300
Reversal of reinstatement cost charged under other losses (Note 6)	(49)	(15)
At end of the year	1,016	934

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased properties. The estimate is based on quotations from external contractors. The unexpired terms range from 3 to 6 years.

The unwinding of discount and effect of change in discount rate is immaterial.

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30. DIVIDENDS ON EQUITY SHARES

	Rate per share - cents			
	2014 cents	2013 cents	2014 \$'000	2013 \$'000
Final tax exempt (one-tier) dividend	0.20	2.00	288	2,846
Interim tax exempt (one-tier) dividend	0.70	0.50	993	712
Total	0.90	2.50	1,281	3,558

In respect of the current reporting year, the directors propose that final tax exempt (one-tier) dividend of 0.8 cents per share and special tax exempt (one-tier) dividend of 0.5 cents per share with a total of \$1,851,000 be 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 2014 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.

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

31A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	16,961	12,068	2,569	1,063
Loans and receivables	6,226	5,260	23,976	17,259
At end of the year	23,187	17,328	26,545	18,322
<u>Financial liabilities:</u>				
Borrowings at amortised cost	20,076	7,238	6,075	3,247
Trade and other payables at amortised cost	29,128	28,391	15,924	14,163
At end of the year	49,204	35,629	21,999	17,410

Further quantitative disclosures are included throughout these financial statements.

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

31B. Financial risk management

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.

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 both 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 instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan 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.

Notes to the Financial Statements

31 December 2014

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

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

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 and credit cards is about 30 to 60 days (2013: 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables:				
61- 90 days	127	233	–	–
91- 180 days	268	697	365	224
At end of the year	395	930	365	224

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables:				
91- 180 days	–	55	74	74
At end of the year	–	55	74	74

The allowance which is disclosed in the Note on trade receivables is based on individual accounts totalling \$Nil (2013: \$55,000) and \$74,000 (2013: \$74,000) for Group and Company respectively 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Top 1 customer	349	524	765	711
Top 2 customers	583	641	994	1,092

Notes to the Financial Statements

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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):

Group:	Less than 1 year \$'000	2 – 5 years \$'000	More than 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
<u>2014:</u>				
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
<u>2013:</u>				
Gross borrowings commitments	3,375	2,202	–	5,577
Gross finance lease obligations	620	1,412	246	2,278
Trade and other payables	28,391	–	–	28,391
At end of the year	32,386	3,614	246	36,246
Company:	Less than 1 year \$'000	2 – 5 years \$'000	More than 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
<u>2014:</u>				
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
<u>2013:</u>				
Gross borrowings commitments	2,163	948	–	3,111
Gross finance lease obligations	252	61	–	313
Trade and other payables	2,303	12,453	–	14,756
At end of the year	4,718	13,462	–	18,180

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 counterparty 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 2014

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:

Group:	Less than 1 year \$'000	2 – 5 years \$'000	Total \$'000
2014:			
Banker guarantees – unsecured	439	3,145	3,584
Banker guarantees – secured	59	1,421	1,480
	498	4,566	5,064
2013:			
Banker guarantees – unsecured	1,516	2,667	4,183
Banker guarantees – secured	968	1,262	2,230
	2,484	3,929	6,413
Company:	Less than 1 year \$'000	2 – 5 years \$'000	Total \$'000
2014:			
Banker guarantees – unsecured	439	3,145	3,584
Banker guarantees – secured	59	1,421	1,480
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	1,116	3,421	4,537
	1,614	7,987	9,601
2013:			
Banker guarantees – unsecured	1,516	2,667	4,183
Banker guarantees – secured	968	1,262	2,230
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	4,200	2,240	6,440
	6,684	6,169	12,853

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 (2013: 30 to 60 days). The other payables are with short-term durations. 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.

Notes to the Financial Statements

31 December 2014

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

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

Bank Facilities:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Undrawn borrowing facilities	29,695	2,321	–	–
Unused bank guarantees	1,936	786	1,936	786

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.

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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<u>Financial assets:</u>				
Fixed rate	–	–	12,541	9,270
Floating rate	1,054	1,552	1,054	1,052
At end of the year	1,054	1,552	13,595	10,322
<u>Financial liabilities:</u>				
Fixed rate	1,659	1,927	13,901	12,144
Floating rate	18,417	5,311	6,021	2,963
At end of the year	20,076	7,238	19,922	15,107

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	
	2014 \$'000	2013 \$'000
<u>Financial liabilities:</u>		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an increase in pre-tax loss for the year by	174	36

Notes to the Financial Statements

31 December 2014

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.

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	
	2014 \$'000	2013 \$'000
Commitments to purchase plant and equipment	26	2,985
Commitments to construction leasehold building- subject to contract	27,410	36,899

33. OPERATING LEASE PAYMENT COMMITMENTS

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not later than one year	16,803	15,719	35	22
Later than one year and not later than five years	16,071	22,118	–	–
Later than five years	4,756	401	–	–
Rental expense for the year	18,873	16,199	– (*)	– (*)

(*) The lease commitments of the Company relate to rental of the subsidiary's premises, canteens and food stalls entered into by the Company on behalf of the subsidiaries.

Included in the lease expenses is an amount of approximately \$2,622,000 (2013: \$791,000) 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 clause. 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

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not later than one year	6,030	3,239	66	54
Later than one year and not later than five years	3,222	3,850	144	18
Rental income for the year	10,372	6,639	98	98

Included in the rental income is an amount of approximately \$2,131,000 (2013: \$2,204,000) 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 clause. 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 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 has incorporated a wholly-owned subsidiary, Universal Dining Sdn. Bhd. on 11 February 2015 with a paid out capital of RM2. The principal activity of the subsidiary is carry on the business as operator of food courts stalls; and
- (ii) the Company's wholly-owned subsidiary, Peach Garden@GBB Pte Ltd has increased its investment in share capital of PG Restaurant Pte Ltd from \$2 to \$100,002 by subscribing for an additional 100,000 new ordinary shares in cash at \$1 per share.

Notes to the Financial Statements

31 December 2014

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 and 2, ITE West 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.

Notes to the Financial Statements

31 December 2014

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	
	2014 \$'000	2013 \$'000
Revenue from major products and services:		
Institutional Catering ("IC")	17,172	15,917
Food Catering ("FC")	23,717	21,377
Food Retail ("FR")	30,272	28,482
Peach Garden ("PG")	39,515	36,742
Quick Service Restaurant ("TC")	9,311	10,258
Hub Services ("HS")	26,545	15,904
Others	492	217
Total for continuing operations	147,024	128,897

37B. Profit or loss from continuing operations and reconciliations

	IC \$'000	FC \$'000	FR \$'000	PG \$'000	TC \$'000	HS \$'000	Others \$'000	Unallocated \$'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	3,152	200	1,778	(2,829)	(207)	7,091
Income tax expense									(1,063)
Profit from continuing operations									6,028

Notes to the Financial Statements

31 December 2014

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	Unallocated \$'000	Total \$'000
Continuing Operations									
2013									
Revenue by Segment									
Total revenue by segment	15,917	23,051	28,694	41,700	10,258	17,526	9,553	–	146,699
Inter-segment sales	–	(1,674)	(212)	(4,958)	–	(1,622)	(9,336)	–	(17,802)
Total revenue	15,917	21,377	28,482	36,742	10,258	15,904	217	–	128,897
Recurring EBITDA									
	1,058	2,538	2,402	3,553	(146)	1,416	(2,776)	–	8,045
Finance costs	(2)	(53)	(37)	(16)	(11)	(49)	(77)	–	(245)
Depreciation	(106)	(627)	(1,494)	(1,593)	(779)	(1,334)	(206)	–	(6,139)
Amortisation	–	–	–	–	–	–	–	(208)	(208)
ORBT	950	1,858	871	1,944	(936)	33	(3,059)	(208)	1,453
Income tax income									261
Profit from continuing operations									1,714

37C. Assets and reconciliations

	IC \$'000	FC \$'000	FR \$'000	PG \$'000	TC \$'000	HS \$'000	Others \$'000	Unallocated \$'000	Total \$'000
2014									
Total assets for reportable	3,121	6,962	9,519	16,702	5,953	29,245	5,646	–	77,148
Total group assets	3,121	6,962	9,519	16,702	5,953	29,245	5,646	–	77,148
2013									
Total assets for reportable	2,423	6,412	14,795	17,813	6,514	6,188	3,517	–	57,662
Total group assets	2,423	6,412	14,795	17,813	6,514	6,188	3,517	–	57,662

Notes to the Financial Statements

31 December 2014

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
2014									
Total liabilities for reportable	3,703	5,898	4,503	5,639	3,204	23,138	7,373	–	53,458
<u>Unallocated:</u>									
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
2013									
Total liabilities for reportable	2,751	6,112	9,834	8,420	3,621	6,167	2,625	–	39,530
<u>Unallocated:</u>									
Deferred and current tax liabilities	–	–	–	–	–	–	–	2,045	2,045
Total group liabilities	2,751	6,112	9,834	8,420	3,621	6,167	2,625	2,045	41,575

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:									
2014	313	877	996	800	416	19,393	268	–	23,063
2013	129	703	7,252	2,477	1,097	67	14	–	11,739

37F. Geographical information

The Group revenue and profit before income tax is 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 2014

38. Changes and adoption of financial reporting standards

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting (*)
FRS 110	Consolidated Financial Statements
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
FRS 111	Joint Arrangements (*)
FRS 112	Disclosure of Interests in Other Entities
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

Notes to the Financial Statements

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39. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the 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 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions	1 Jul 2014
Improvements to FRSs (Issued in January 2014). Relating to:		1 Jul 2014
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	
Improvements to FRSs (Issued in February 2014). Relating to:		1 Jul 2014
FRS 103	Business Combinations	
FRS 113	Fair Value Measurement	
FRS 40	Investment Property	
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)	1 Jan 2016
FRS 115	Revenue from Contracts with Customers (*)	1 Jan 2017
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2016
Various	Improvements to FRSs (November 2014)	1 Jan 2016

(*) Not relevant to the entity.

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

The Company has no treasury shares held as at 20 March 2015.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 20 March 2015, approximately 29.83% 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 20 MARCH 2015

SIZE OF SHAREHOLDINGS		NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1	- 99	4	1.21	165	0.00
100	- 1,000	38	11.48	35,450	0.03
1,001	- 10,000	110	33.23	661,890	0.46
10,001	- 1,000,000	160	48.34	17,367,795	12.20
1,000,001	AND ABOVE	19	5.74	124,315,100	87.31
TOTAL :		331	100.00	142,380,400	100.00

MAJOR SHAREHOLDERS AS AT 20 MARCH 2015

NO.	NAME	NO. OF SHARES	%
1	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	32,359,000	22.73
2	TAN CHOR KHOON	19,434,200	13.65
3	GO MEI LIN	18,822,000	13.22
4	SING INVESTMENTS & FINANCE NOMINEES (PTE.) LTD.	11,460,000	8.05
5	CITIBANK NOMINEES SINGAPORE PTE LTD	5,765,000	4.05
6	PEK POH CHENG	5,415,200	3.80
7	TAY BOCK HIANG	4,753,800	3.34
8	TANTOCK HAN	3,748,000	2.63
9	TAN CHOH PENG	3,109,800	2.18
10	TAN SOK HUANG	2,789,000	1.96
11	UOB KAY HIAN PRIVATE LIMITED	2,722,000	1.91
12	HONG LEONG FINANCE NOMINEES PTE LTD	2,675,000	1.88
13	RAFFLES NOMINEES (PTE) LIMITED	2,059,500	1.45
14	CHUA CHYTECK	2,000,000	1.40
15	SBS NOMINEES PRIVATE LIMITED	2,000,000	1.40
16	LOW WEI MIN JAMES	1,490,900	1.05
17	TAURUS CAPITAL PARTNERS PTE LTD	1,350,000	0.95
18	LIM AI LIAN	1,319,100	0.93
19	LOW BOONYONG	1,042,600	0.73
20	LOWYEOK PHENG	998,000	0.70
		125,313,100	88.01

Shareholdings Statistics

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2015

No	Name of shareholder	Direct interest	Indirect / Deemed interest
1.	Tan Chor Khoon	19,434,200	10,875,200
2.	Tan Choh Peng	3,109,800	9,500,000
3.	Pek Poh Cheng	5,415,200	24,894,200
4.	Jit Sun Investments Pte Ltd	420,000	32,000,000
5.	Lee ChyeTek, Lionel	–	32,960,000
6.	Goh Mei Lin	18,822,000	1,000,000

Notes:

- 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.
- Of the 10,875,200 shares in which Mr Tan Chor Khoon has a deemed interest,
 - 5,460,000 shares are held through Sing Investment & Finance Limited
 - 5,415,200 shares are held by Mdm Pek Poh Cheng, spouse of Mr Tan Chor Khoon
- Of the 9,500,000 shares in which Mr Tan Choh Peng has a deemed interest,
 - 2,000,000 shares are held through SBS Nominees Pte Ltd
 - 1,500,000 shares are held through Hong Leong Finance Nominees Pte Ltd
 - 6,000,000 shares are held through Sing Investment & Finance Limited
- Lee ChyeTek Lionel has a deemed interest in all the 32,420,000 shares held by Jit Sun Investments Pte Ltd and all 540,000 shares held by Camelot Capital Limited by virtue of his interest of 100% in Jit Sun Investments Pte Ltd and Camelot Capital Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of the shareholders of the Company will be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Tuesday, 28 April 2015 at 9.30 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company and the reports of the Directors and Auditors for the year ended 31 December 2014. Resolution 1
2. To re-elect Mr Tan Choh Peng, a Director retiring by rotation pursuant to Article 106 of the Articles of Association of the Company. Resolution 2
3. To re-elect Mr Lai Kai Jin, Michael, a Director retiring by rotation pursuant to Article 106 of the Articles of Association of the Company. Resolution 3

Mr Lai Kai Jin, Michael shall, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and as a member of the Audit Committee and the Nominating 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 special exempt (one-tier) dividend of 0.5 cents per ordinary share for the year ended 31 December 2014. Resolution 4
5. To declare a final exempt (one-tier) dividend of 0.8 cents per ordinary share for the year ended 31 December 2014. Resolution 5
6. To approve the Directors' fees of SGD 115,000 for the year ended 31 December 2014. Resolution 6
7. To re-appoint Messrs RSM Chio Lim LLP as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 7

SPECIAL BUSINESS

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

8. **Authority to allot and issue shares** Resolution 8

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:-

Notice of Annual General Meeting

- (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);
- (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)]

9. **Authority to offer and grant options in accordance with Select Employee Share Option Scheme** Resolution 9

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)]

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

Notice of Annual General Meeting

Explanatory Notes:

- (i) The Ordinary Resolution proposed in item 8, 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 9 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 IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 8 May 2015 for the purpose of determining shareholders' entitlements to the proposed special exempt (one-tier) dividend of 0.5 cents per ordinary share and final exempt (one-tier) dividend of 0.8 cents per ordinary share in respect of the financial year ended 31 December 2014 (the "**Proposed Dividends**").

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 7 May 2015 will be registered before entitlements to the Proposed Dividends are determined. The Proposed Dividends, if approved by shareholders at the 2015 Annual General Meeting, will be paid on 28 May 2015.

Members whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with shares at 5.00 p.m. on 7 May 2015 will be entitled to the Proposed Dividends.

In respect of shares in Securities Accounts with CDP, the Proposed Dividends 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 Bui
Company Secretary

Dated : 13 April 2015

Notice of Annual General Meeting

Notes:

Proxies:

- (a) A member entitled to attend and vote at this meeting, is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company
- (b) Where a member appoints two proxies, he shall specify the proportion of the shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
- (c) If start member is a corporation, the instrument appointing the proxy must be under seal of the hand of an officer or attorney duly authorised.
- (d) The instrument appointing a proxy must be deposited at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 48 hours before the time appointed for holding the meeting.

Personal Data Privacy:

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

This document has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this document.

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

*The contact person for the Sponsor is Mr. Bernard Lui
Tel: 6389 3000 Email: bernard.lui@stamfordlaw.com.sg*

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Proxy Form

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Tuesday, 28 April 2015 at 9.30 a.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' and Auditors' Reports and Audited Accounts		
2	To re-elect Mr Tan Choh Peng as Director		
3	To re-elect Mr Lai Kai Jin, Michael as Director		
4	To declare a special exempt (one-tier) dividend of 0.5 cents per ordinary share.		
5	To declare a final exempt (one-tier) dividend of 0.8 cents per ordinary share.		
6	To approve payment of Directors' fees		
7	To re-appoint Messrs RSM Chio Lim LLP as Auditors and authorise the Directors to fix their remuneration		
8	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		
9	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 _____ 2015

Total number of shares held

Signature or Common Seal of shareholder



NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), 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 of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
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 48 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 13 April 2015.

Affix
Postage
Stamp

The Company Secretary

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

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095

Select Group Limited

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