PROSPECTUS DATED 15 MAY 2007
(Registered by the Monetary Authority of Singapore on 15 May 2007)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

We have made an application to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of Soup Restaurant Group Limited (our "Company") already issued and the new shares which are the subject of this Invitation (the "New Shares"). Such permission will be granted when we have been admitted to the Official List of the SGX-ST Dealing and Automated Quotation System (the "SGX-SESDAQ").

Acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all the existing issued Shares and the New Shares. If the completion of the Invitation does not occur because the SGX-ST's permission is not granted or for any other reasons, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claims against us, the Manager, the Placement Agent or the Underwriter (as defined in this Prospectus).

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-SESDAQ is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares or the New Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the merits of our existing Shares, the New Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

Investing in our Shares involves risks which are described in the section entitled "RISK FACTORS" of this Prospectus. No Shares will be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

SOUP RESTAURANT GROUP LIMITED

(Incorporated in the Republic of Singapore on 20 July 1991)
(Company Registration No.: 199103597Z)

Invitation in respect of 26,000,000 New Shares comprising:-

(a) 1,000,000 Offer Shares at S$0.21 for each Offer Share by way of public offer; and

(b) 25,000,000 Placement Shares by way of placement, comprising:-

 (i) 19,820,000 Placement Shares at S$0.21 for each Placement Share;

 (ii) 180,000 Internet Placement Shares at S$0.21 for each Internet Placement Share by way of application made through the IPO website at www.ePublicOffer.com; and

 (iii) 5,000,000 Reserved Shares at S$0.21 for each Reserved Share reserved for our Independent Directors, management, employees, business associates and those who have contributed to the success of our Group,

payable in full on application.

Samsui Ginger Chicken
~ our signature dish

Manager
Westcomb Capital Pte Ltd

Placement Agent and Underwriter
Westcomb Securities Pte Ltd

三盅兩件
SOUP RESTAURANT

Good Food, Good Service, Good Place because of Good People....

BUSINESS OVERVIEW

We own and operate a chain of niche restaurants that serve traditional, home-cooked dishes which originated from family recipes. Today, we have 18 outlets operating under the brand names of “Soup Restaurant”, “Kampong Days” and “Dian Xiao Er”, that are strategically located across Singapore to reach a wider base of customers.

OUR BRANDS

- **Soup Restaurant**

Established in 1991, “Soup Restaurant” focuses on traditional, home-cooked dishes that originated from family recipes. Our signature dishes include “Samsui Ginger Chicken” (三水姜茸鷄) and various traditional Chinese double-boiled herbal soups. Today, we have 14 “Soup Restaurant” outlets island-wide.

- **Kampong Days**

We presently have one “Kampong Days” outlet, which serves a variety of home-cooked local dishes.

- **Dian Xiao Er**

“Dian Xiao Er” specialises in serving herbal roasted ducks. It was acquired through a 50.98% equity interest in Y.E.S F&B Group in November 2006. Today, Y.E.S F&B Group operates three “Dian Xiao Er” outlets.

COMPETITIVE STRENGTHS

A niche player serving home-cooked and traditional dishes.

Good operational systems to ensure quality food and good customer services.

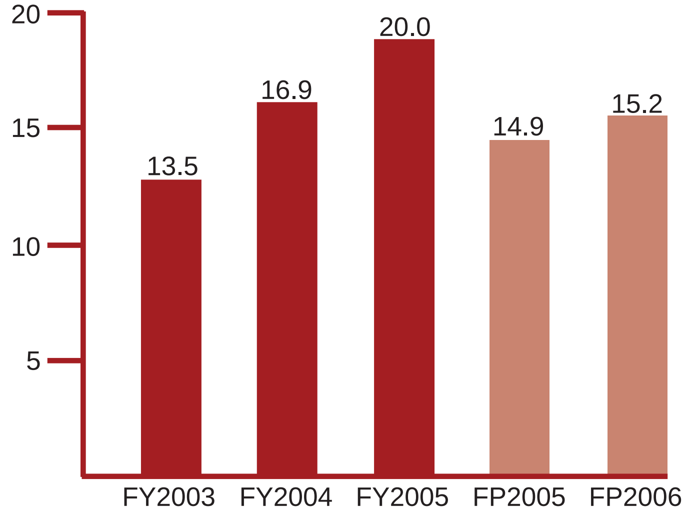
Easily accessible and strategically located outlets.

Experienced and committed management team.

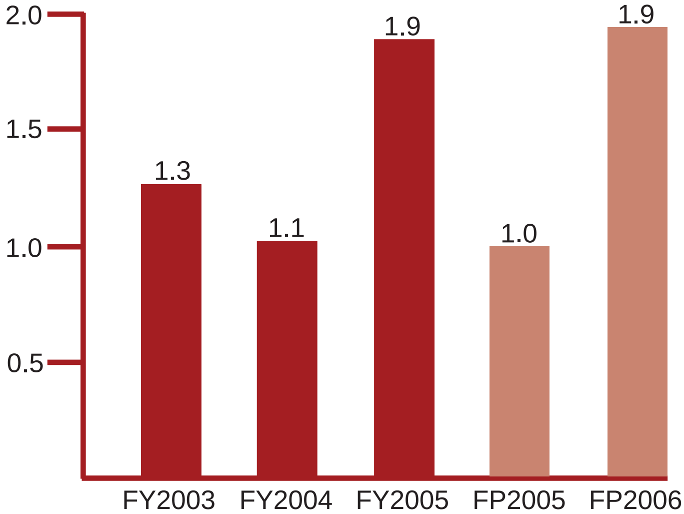
An established brand name.

FINANCIAL HIGHLIGHTS

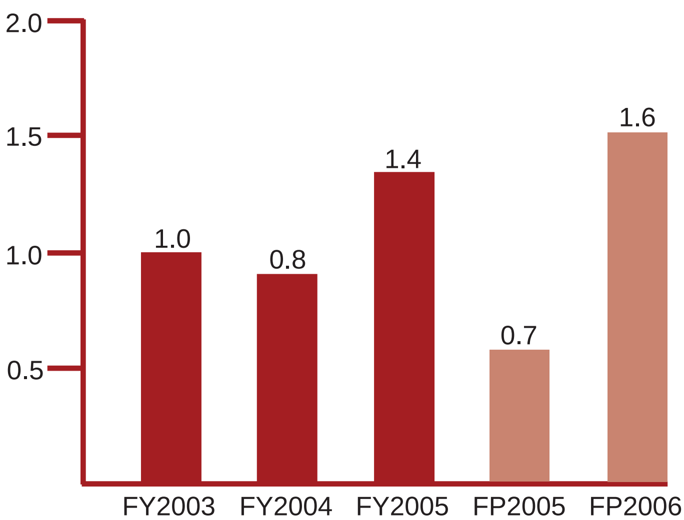
Revenue
S$'million



Profit Before Income Tax
S$'million



Profit After Income Tax Attributable to Equity Holders
S$'million



PROSPECTS

Our Directors believe that the following will contribute to our growth:-

Singapore as a tourist and business hub.

Health conscious consumers.

Regional consumers.

FUTURE PLANS

We intend to implement the following plans:-

Establishment of new outlets in Singapore.

Expansion of regional business.

Refurbishments of our outlets and facilities.

Expansion of our business through acquisitions, joint ventures or strategic alliances.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mok Yip Peng *(Executive Chairman and Managing Director)* Wong Wei Teck *(Executive Director)* Then Khek Koon *(Non-Executive Director)* Cham Tao Soon *(Lead Independent Director)* Chua Koh Ming *(Independent Director)* Jong Voon Hoo *(Independent Director)* Saw Meng Tee (Su Mingzhi) *(Independent Director)*
COMPANY SECRETARY	:	Toh Yen Sang (Zhuo Yanshuang) (CPA)
REGISTERED OFFICE	:	171 Kampong Ampat #03-11 KA FoodLink Singapore 368330
SHARE REGISTRAR	:	Lim Associates (Pte) Ltd 3 Church Street #08-01 Samsung Hub Singapore 049483
MANAGER	:	Westcomb Capital Pte Ltd 5 Shenton Way #09-07 UIC Building Singapore 068808
PLACEMENT AGENT AND UNDERWRITER	:	Westcomb Securities Pte Ltd 5 Shenton Way #09-08 UIC Building Singapore 068808
REPORTING AUDITORS	:	BDO Raffles Certified Public Accountants 5 Shenton Way #07-01 UIC Building Singapore 068808
SOLICITORS TO THE INVITATION	:	Colin Ng & Partners 50 Raffles Place #29-00 Singapore Land Tower Singapore 048623
PRINCIPAL BANKER	:	Oversea-Chinese Banking Corporation Limited 65 Chulia Street OCBC Centre Singapore 049513
RECEIVING BANKER	:	The Bank of East Asia, Limited 137 Market Street Bank of East Asia Building Singapore 048943

In this Prospectus and the accompanying Application Forms and, in relation to Electronic Applications, the instructions appearing on the screens of ATMs, the IB Website and IPO Website, the following definitions apply where the context so admits:-

Group Companies

"Company" or "Soup Restaurant"	:	Soup Restaurant Group Limited. The terms "we", "our", "our Company" or "us" have correlative meanings
"Group"	:	Our Company and our subsidiaries
"Soup Restaurant (Seah Street)"	:	Soup Restaurant (Seah Street) Pte Ltd
"Soup Restaurant (Causeway)"	:	Soup Restaurant (Causeway Point) Pte Ltd
"Soup Restaurant (Jurong)"	:	Soup Restaurant (Jurong Point) Pte Ltd
"Soup Restaurant (SC)"	:	Soup Restaurant (SC) Pte Ltd
"Soup Restaurant Investments"	:	Soup Restaurant Investments Pte. Ltd.
"Y.E.S F&B Group"	:	Y.E.S F&B Group Pte. Ltd.

Other Corporations and Agencies

"Authority"	:	Monetary Authority of Singapore
"AVA"	:	Agri-food and Veterinary Authority of Singapore
"CDP"	:	The Central Depository (Pte) Limited
"Manager"	:	Westcomb Capital Pte Ltd
"NEA"	:	National Environment Agency
"Participating Banks"	:	DBS Bank Ltd (including POSB) ("DBS"), Oversea-Chinese Banking Corporation Limited ("OCBC") and United Overseas Bank Limited ("UOB") and its subsidiary, Far Eastern Bank Limited (the "UOB Group")
"Placement Agent", "Underwriter" or "IPO Website Operator"	:	Westcomb Securities Pte Ltd
"PSB"	:	PSB Certification Pte Ltd
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Registrar"	:	Lim Associates (Pte) Ltd

General

"ATM"	:	Automated teller machine of a Participating Bank
"ATM Application"	:	An application for the Offer Shares made through an ATM in accordance with the terms and conditions of this Prospectus
"Application Forms"	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus

"Application List"	:	The list of applications for subscription of the New Shares
"*Associate*"	:	(a) in relation to an entity, means:- (i) in a case where the entity is a substantial shareholder, controlling shareholder, substantial interest-holder or controlling interest-holder, its related corporation, related entity, associated company or associated entity; or (ii) in any other case, (A) a director or an equivalent person; (B) where the entity is a corporation, a controlling shareholder; (C) where the entity is not a corporation, a controlling interest-holder; (D) a subsidiary, a subsidiary entity, an associated company, or an associated entity; or (E) a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder or controlling interest-holder, as the case may be, of the entity; and (b) in relation to an individual, means:- (i) his immediate family; (ii) a trustee of any trust of which the individual or any member of the individual's immediate family is a beneficiary; or where the trust is a discretionary trust, a discretionary object, when the trustee acts in that capacity; or (iii) any corporation in which he and his immediate family (whether directly or indirectly) have interests in voting shares of an aggregate of not less than 30% of the total votes attached to all voting shares
"Audit Committee"	:	The audit committee of our Company
"Board" or "Board of Directors"	:	The board of Directors of our Company as at the date of this Prospectus, unless otherwise stated
"Bonus Issue"	:	The issue of 490,000 new ordinary shares as described in the section entitled "Share Capital" of this Prospectus
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore
"Controlling Shareholder"	:	In relation to a corporation, means:- (a) a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company; or (b) in fact exercises control over a company

"CPF"	:	The Central Provident Fund
"Directors"	:	The directors of our Company as at the date of this Prospectus
"Electronic Application"	:	An ATM Application, IB Application or Internet Placement Application
"EPS"	:	Earnings per Share
"Executive Directors"	:	Executive Directors
"Executive Officers"	:	The executive officers of our Group as at the date of this Prospectus
"Food Processing Facility"	:	Our food processing facility at 171 Kampong Ampat, #03-11 KA FoodLink which we established in 2003
"FP"	:	Financial period from 1 January to 30 September
"Franchisee"	:	PT Viswa International
"FY"	:	Financial year ended or, as the case maybe, ending 31 December
"Herbal Soups"	:	Traditional Chinese double-boiled herbal soups
"IB"	:	Internet banking
"IB Application"	:	An application for the Offer Shares made through the IB Website in accordance with the terms and conditions of this Prospectus
"IB Website"	:	IB website of DBS or UOB Group
"Independent Directors"	:	Independent Directors
"Internet Placement Application"	:	An application by a Qualifying User for the Internet Placement Shares through the IPO Website in accordance with the terms and conditions of this Prospectus
"Internet Placement Shares"	:	The 180,000 Placement Shares available for application made through the IPO Website, in accordance with the terms and conditions of this Prospectus
"Invitation"	:	Our invitation to the public in Singapore to subscribe for the New Shares at the Issue Price, in accordance with the terms and conditions of this Prospectus
"IPO Website"	:	The Internet website at www.ePublicOffer.com of the IPO Website Operator
"Issue Price"	:	S$ 0.21 for each New Share
"Latest Practicable Date"	:	15 March 2007, being the latest practicable date for the purposes of lodgement of this Prospectus

"Listing Manual"	:	The listing manual of the SGX-ST
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NAV"	:	Net asset value
"New Shares"	:	The 26,000,000 new Shares which are the subject of the Invitation
"Non-Executive Director"	:	Non-Executive Director
"NTA"	:	Net tangible assets
"Offer"	:	The offer by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price, in accordance with the terms and conditions of this Prospectus
"Offer Shares"	:	1,000,000 of the New Shares which are the subject of the Offer
"PER"	:	Price earnings ratio
"period under review"	:	FY2003, FY2004, FY2005, FP2005 and FP2006
"Placement"	:	The placement of the Placement Shares by the placement agent(s) on behalf of our Company for subscription at the Issue Price, in accordance with the terms and conditions of this Prospectus
"Placement Shares"	:	25,000,000 of the New Shares (including the Internet Placement Shares and the Reserved Shares), which are the subject of the Placement
"Prospectus"	:	This prospectus dated 15 May 2007 issued by our Company in respect of the Invitation
"Qualifying User" or "Qualifying Internet Applicant"	:	Any member of the public (being an individual) in Singapore who registered for and holds a valid membership account with the IPO Website Operator, subject to the terms and conditions for the membership and use of the IPO Website
"Reserved Shares"	:	The 5,000,000 Placement Shares reserved for our Independent Directors, management, employees, business associates and those who have contributed to the success of our Group
"SARS"	:	Severe acute respiratory syndrome
"SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore
"Securities Account"	:	The securities account maintained by a Depositor with CDP
"SGX-SESDAQ"	:	SGX-ST Dealing and Automated Quotation System
"Share Split"	:	The sub-division of one Share into 100 Shares as described in the section entitled "Share Capital" of this Prospectus

"Shareholders"	:	Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of our Company
"Substantial Shareholders"	:	Persons who have an interest in our Shares, the nominal amount of which is not less than 5% of the aggregate nominal amount of all the voting shares of our Company

Currencies, Units and Others

"$" or "S$" and "cents"	:	Singapore dollars and cents respectively
"%" or "per cent"	:	Per centum
"Rp"	:	Indonesian Rupiah
"sq ft"	:	Square feet
"sq m"	:	Square metres

The expressions "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The terms "associated company", "associated entity", "controlling interest-holder", "controlling shareholder", "related corporation", "related entity", "subsidiary", "subsidiary entity" and "substantial interest-holder" shall have the same meanings ascribed to them respectively in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Prospectus, the Application Forms and Electronic Applications to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Prospectus, the Application Forms and Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Prospectus, the Application Forms and Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Prospectus shall be a reference to Singapore time unless otherwise stated.

References in this Prospectus to "the Group", "we", "our" and "us" refer to our Group.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us, our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:-

(a) our revenue and profitability;

(b) expected growth in demand;

(c) expected industry trends;

(d) anticipated expansion plans; and

(e) other matters discussed in this Prospectus regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:-

(a) changes in political, social and economic conditions and the regulatory environment in Singapore and other countries in which we have a presence;

(b) changes in the availability and prices of raw materials and goods which we require to operate our business;

(c) changes in customer preferences;

(d) changes in competitive conditions and our ability to compete under such conditions;

(e) our anticipated growth strategies and expected internal growth;

(f) changes in currency exchange rates;

(g) changes in our future capital needs and the availability of financing and capital to fund such needs; and

(h) other factors beyond our control.

Some of these risk factors are discussed in more detail under the section entitled "Risk Factors" of this Prospectus.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from expected, expressed or implied by the forward-looking statements in this Prospectus, undue reliance must not be placed on these statements which apply only as at the date of this Prospectus. Neither our Company, the Manager, the Placement Agent or the Underwriter, nor any other person represents or warrants that our Group's actual future results, performances or achievements will be as discussed in those statements.

Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Manager, the Placement Agent and the Underwriter, disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are, however, subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Prospectus is registered but before the close of the Invitation, our Company becomes aware of (a) a false or misleading statement or matter in this Prospectus; (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in the Prospectus, if it had arisen before this Prospectus was lodged and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement prospectus with the Authority.

Singapore

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Prospectus in Singapore in order to permit a public offering of the New Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the New Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by our Company, the Manager, the Placement Agent and the Underwriter, to inform themselves about, and to observe and comply with, any such restrictions.

LISTING ON THE SGX-SESDAQ

We have applied to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued and the New Shares. Such permission will be granted when our Company has been admitted to the Official List of the SGX-SESDAQ. Acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares and the New Shares. Monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the said permission is not granted and you will not have any claims whatsoever against us, the Manager, the Placement Agent or the Underwriter.

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-SESDAQ is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares or the New Shares.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our existing Shares, the New Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

We are subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, if after this Prospectus is registered but before the close of the Invitation, our Company becomes aware of:-

(a) a false or misleading statement or matter in the Prospectus;

(b) an omission from the Prospectus of any information that should have been included in it under Section 243 of the SFA; or

(c) a new circumstance that has arisen since the Prospectus was lodged with the Authority which would have been required by Section 243 of the SFA to be included in the Prospectus if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement prospectus with the Authority pursuant to Section 241 of the SFA.

Where applications have been made for the New Shares prior to the lodgement of the supplementary or replacement prospectus, we shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, either:-

(a) provide you with a copy of the supplementary or replacement prospectus and, as the case may be, provide you with an option to withdraw your application; or

(b) treat your application as withdrawn and cancelled and return all monies paid to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk, in respect of any application accepted within seven days from the date of lodgement of the supplementary or replacement prospectus.

If you wish to exercise your option to withdraw your application, you shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify us whereupon we shall, within seven days from the receipt of such notification, return all monies paid to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk.

Where the Authority issues a stop order pursuant to Section 242 of the SFA, and

(a) in the case where the New Shares have not been issued to you, your application of the New Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the stop order, pay to you all monies you have paid on account of your application for the New Shares; or

(b) in the case where the New Shares have been issued to you, the issue of the New Shares pursuant to the Invitation shall be deemed to be void and our Company shall, within 14 days from the date of the stop order, pay to you all monies paid by you for the New Shares.

Such monies paid in respect of your application will be returned to you at your own risk, without interest or any share or revenue or other benefit arising therefrom, and you will not have any claim against us, the Manager, the Placement Agent or the Underwriter.

This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statements in the Prospectus misleading, and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

Neither our Company, the Manager, the Placement Agent or the Underwriter, nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, legal or tax advice regarding an investment in our Shares. You should consult your own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Manager, the Placement Agent or the Underwriter. Neither the delivery of this Prospectus and the Application Forms nor any documents relating to the Invitation, nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, we may make an announcement of the same to the SGX-ST and/or the Authority and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST and/or the Authority. You should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any other persons other than yourself in connection with your application for the New Shares, or for any other purpose.

This Prospectus does not constitute an offer, solicitation or invitation of the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability during office hours, from:-

Westcomb Securities Pte Ltd
5 Shenton Way
#09-08 UIC Building
Singapore 068808

and members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website http://www.sgx.com, as well as the Authority's website http://www.mas.gov.sg.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable is set out for your reference:-

Indicative date/time	Event
12.00 noon on 24 May 2007	Close of Application List
25 May 2007	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
9.00 a.m. on 28 May 2007	Commence trading on a “ready” basis
1 June 2007	Settlement date for all trades done on a “ready” basis on 28 May 2007

The Invitation will be open from 16 May 2007 to 24 May 2007 (12.00 noon).

The Application List will open at 10.00 a.m. on 24 May 2007 and will remain open until noon on the same day or such other time or date as our Company may, in consultation with the Manager, in its absolute discretion decide, subject to any limitations under all applicable laws. In the event a supplementary prospectus or replacement prospectus is lodged with the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement prospectus.

The above timetable is only indicative as it assumes that the date of closing of the Application List is 24 May 2007, the date of admission of our Company to the Official List of the SGX-SESDAQ is 28 May 2007, the SGX-ST's shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 28 May 2007.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the commencement date of trading on a “ready” basis.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:-

(a) through SGXNET announcement to be posted on the internet at the SGX-ST website http://www.sgx.com; and

(b) in a local English newspaper.

We will publicly announce the level of subscription and the results of the distribution of the New Shares pursuant to the Invitation, as soon as it is practicable after the close of the Application List through channels in (a) and (b) above.

You should consult the SGX-ST's announcement on “ready” trading date on the Internet (at SGX-ST website http://www.sgx.com), the newspapers or check with your brokers on the date on which trading on a “ready” basis will commence.

This section should be read in conjunction with, and is qualified in its entirety by reference to Appendix V of this Prospectus.

The Issue Price is determined by us, in consultation with the Manager, the Placement Agent and the Underwriter, based on market conditions and estimated market demand for our Shares. The Issue Price is the same for all New Shares and is payable in full on application.

You may apply to subscribe for any number of New Shares at the Issue Price in integral multiples of 1,000 Shares. In order to ensure a reasonable spread of shareholders, we have the absolute discretion to prescribe a limit to the number of New Shares to be allotted to any single applicant and/or to allot New Shares above or under such prescribed limit as we shall deem fit.

You may apply for the New Shares by one of the following methods:-

For the Offer Shares by way of public offer

Pursuant to the terms and conditions contained in the management and underwriting agreement signed between our Company, the Manager and the Underwriter dated 15 May 2007, the Underwriter has agreed to underwrite the Offer Shares.

The Offer Shares are made available to members of the public in Singapore for subscription at the Issue Price. You may apply for the Offer Shares by way of Offer Shares Application Forms, or by way of ATM Applications or IB Applications.

Terms, conditions and procedures for the application for the Offer Shares by way of Offer Shares Application Forms or by way of ATM Applications or IB Applications are set out in Appendix V of this Prospectus.

If you apply for the Offer Shares by way of an Offer Shares Application Form, you may not make any separate application for the Offer Shares either by way of another Offer Shares Application Form or by way of an ATM Application or IB Application, or for the Placement Shares (other than the Reserved Shares) using a Placement Shares Application Form or by way of an Internet Placement Application. Such separate applications will be deemed to be multiple applications and ALL your applications shall be rejected.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, in consultation with the Manager, and approved by the SGX-ST.

By way of Placement

Pursuant to the terms and conditions in the placement agreement signed between our Company, the Manager and the Placement Agent dated 15 May 2007, the Placement Agent has agreed to subscribe for and/or procure subscriptions for the Placement Shares (including the Internet Placement Shares and the Reserved Shares) at the Issue Price.

The Placement comprise the placement of 19,820,000 Placement Shares through the Placement Agent by way of Placement Shares Application Forms, 180,000 Internet Placement Shares through the IPO Website www.ePublicOffer.com by way of Internet Placement Applications and 5,000,000 Reserved Shares by way of Reserved Shares Application Forms.

Subscribers of the Placement Shares (excluding the Reserved Shares) may be required to pay a brokerage of up to 1.0% of the Issue Price to the Placement Agent.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

For the Placement Shares (other than the Internet Placement Shares and the Reserved Shares) by way of the Placement Shares Application Forms

The Placement Shares (other than the Internet Placement Shares and the Reserved Shares) are reserved for placement to members of the public in Singapore and institutional investors at the Issue Price.

Applications for the Placement Shares (other than the Internet Placement Shares and the Reserved Shares) pursuant to the Placement may only be made by way of Placement Shares Application Forms.

If you apply for the Placement Shares (other than the Reserved Shares) by way of a Placement Shares Application Form, you may not make any separate application for the Placement Shares (other than the Reserved Shares) either by way of another Placement Shares Application Form or by way of an Internet Placement Application, or for the Offer Shares either by way of an Offer Shares Application Form or by way of an ATM Application or IB Application. Such separate applications will be deemed to be multiple applications and ALL your applications shall be rejected.

Additional terms, conditions and procedures for the application for the Placement Shares by way of Placement Shares Application Forms are set out in Appendix V of this Prospectus.

For the Internet Placement Shares by way of Internet Placement Applications

The Internet Placement Shares are reserved for placement to Qualifying Internet Applicants.

Qualifying Internet Applicants may apply for the Internet Placement Shares through the IPO Website. The offer of the Internet Placement Shares through the IPO Website www.ePublicOffer.com, will be on a first-come first-served cum balloting basis where:-

(a) each valid application received for the Internet Placement Shares shall first be deemed to be made for 90,000 Internet Placement Shares on first-come first-served basis ("FCFS Internet Placement Shares"), and is subject to availability at the time of application; and

(b) each excess valid application for the FCFS Internet Placement Shares ("Valid Ballot Application(s)") shall then be deemed to be made for the remaining 90,000 Internet Placement Shares ("Ballot Internet Placement Shares").

In the event that there are excess Valid Ballot Applications for the Ballot Internet Placement Shares, successful Valid Ballot Applications for the Ballot Internet Placement Shares shall be determined by ballot conducted by the IPO Website Operator. If you have applied for the Internet Placement Shares via (a) above, you will be prohibited from applying for additional Internet Placement Shares via (b) above.

If you, as a Qualifying Internet Applicant, have made an application for the Internet Placement Shares through the IPO Website, you shall not make any separate application for the Placement Shares (other than the Reserved Shares) either by way of a Placement Shares Application Form or by way of another Internet Placement Application, or for the Offer Shares either by way of an Offer Shares Application Form or by way of an ATM Application or IB Application. Such separate applications will be deemed to be multiple applications and ALL your applications shall be rejected.

A Qualifying Internet Applicant whose Internet Placement Application is rejected because of multiple applications will be levied an administrative fee amounting to 20% of the Qualifying Internet Applicant's application monies (subject to Singapore goods and services tax).

Additional terms, conditions and procedures for the application for the Internet Placement Shares through the IPO Website are set out in Appendix V of this Prospectus.

In the event of an under-subscription for the Internet Placement Shares as at the close of the Application List, that number of Internet Placement Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares by way of Placement Shares Application Forms to the extent there is an over-subscription for the Placement Shares as at the close of the Application List or to satisfy excess applications for the Offer Shares, to the extent there is an over-subscription for the Offer Shares as at the close of the Application List.

For the Reserved Shares by way of Reserved Shares Application Forms

We have reserved 5,000,000 Placement Shares for subscription by our Independent Directors, management, employees, business associates and those who have contributed to the success of our Group at the Issue Price.

Applications for the Reserved Shares may only be made by way of Reserved Shares Application Forms.

These Reserved Shares (other than those subscribed for by our Independent Directors) are not subject to any moratorium and may be disposed of after the admission of our Company to the Official List of the SGX-SESDAQ.

Additional terms, conditions and procedures for the application for the Reserved Shares are set out in Appendix V of this Prospectus.

In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares (other than the Reserved Shares) to the extent there is an over-subscription for the Placement Shares (other than the Reserved Shares) and/or to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Subscription of our Shares

None of our Substantial Shareholders and Directors (other than Cham Tao Soon, Chua Koh Ming, Jong Voon Hoo and Saw Meng Tee (Su Mingzhi) who will be offered 100,000 Reserved Shares each) intend to subscribe for Shares in the Invitation.

To the best of our knowledge and belief, we are not aware of any person who intends to subscribe for more than 5% of the New Shares. However, through a book-building process to access market demand for our Shares, there may be persons who may indicate an interest to subscribe for more than 5% of the New Shares. The final allotment of the New Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 210 of the Listing Manual.

Further, no Shares shall be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

The following summary highlights certain information found in greater detail elsewhere in this Prospectus. In addition to this summary, we urge you to read the entire Prospectus carefully, especially the section entitled "Risk Factors" of this Prospectus, before deciding to invest in our Shares.

Our Group

Our Company was incorporated in Singapore on 20 July 1991 as an exempt private company. On 26 March 2007, we converted into a public company and changed our name to "Soup Restaurant Group Limited". Our Group comprises our Company and six subsidiaries, namely Soup Restaurant (Seah Street), Soup Restaurant (Causeway), Soup Restaurant (Jurong), Soup Restaurant (SC), Soup Restaurant Investments and Y.E.S F&B Group.

We operate a chain of restaurant outlets under the name of "Soup Restaurant" (三盅两件), "Kampong Days" and "Dian Xiao Er" (店小二) in Singapore. As at the Latest Practicable Date, we had 18 outlets island-wide. Since 2003, we have a Food Processing Facility at 171 Kampong Ampat, #03-11 KA FoodLink and this will ensure consistent quality of our dishes and to support our outlet operations. We process our main sauces at our Food Processing Facility such as our "Samsui Ginger Sauce" and sambal chilli sauce as well as semi-processed food namely pork ribs and pork patties.

- **Soup Restaurant** (三盅两件)

  Under the name and style of "Soup Restaurant", our outlets serve traditional "Chinatown Heritage Cuisine" originating from our Managing Director, Mok Yip Peng's family recipes. Our signature dishes include "Samsui Ginger Chicken" (三水姜茸鸡), "Ah Por Fan Shu Leaves" (阿婆蕃薯叶), "Ah Kon Fan Shu Leaves" (阿公蕃薯叶), "Beggar Bowl Tofu" (砵仔豆腐) and various Herbal Soups such as "Double Boiled Dried Scallop with Black Chicken Soup" (瑶柱淮杞炖黑鸡汤), "Double Boiled Waisan & Ginseng Root Chicken Soup" (淮山杞子参须炖鸡汤) and others. As at the Latest Practicable Date, we had 14 "Soup Restaurant" outlets island-wide.

- **Kampong Days**

  Currently, we have one "Kampong Days" outlet in Causeway Point Shopping Centre, Woodlands. The outlet serves a variety of home-cooked local dishes.

- **Dian Xiao Er** (店小二)

  In November 2006, we acquired 50.98% equity interests in Y.E.S F&B Group with the capitalisation of a loan to Y.E.S F&B Group as mentioned in the section entitled "History" of this Prospectus. Y.E.S F&B Group operates three "Dian Xiao Er" outlets in Marina Square, VivoCity and AMK Hub which specialises in serving herbal roasted ducks. The signature dishes are "Herbal Roasted Duck with Angelica Herb" (当归烤鸭), "Herbal Roasted Duck with Ten Wonder Herb" (十全烤鸭) and "Herbal Roasted Duck with Wild Ginseng" (泡参烤鸭).

  Please refer to the section entitled "Business Overview" of this Prospectus for more details.

Our Competitive Strengths

We believe our competitive strengths are as follows:-

- **We are a niche player serving home-cooked and traditional dishes**

  Most of our dishes originated from our Managing Director, Mok Yip Peng's family recipes and are distinctive and traditional. We aim to offer our customers delectable cuisines that are prepared in home-cooked style. In particular, our Herbal Soups and our signature dish "Samsui Ginger Chicken" are prepared according to ingredients and cooking methods that originated from Mr Mok's family recipes.

- **We have good operational systems to ensure quality food and good customer services**

  We place strong emphasis on the quality of our food, products and services. We have implemented internal control systems in the selection of our suppliers to ensure freshness of our raw materials and in our dish preparation process to ensure consistent quality. In August 2005, we obtained a Certificate of Registration from PSB for the establishment of our food safety system in the processing of pork patties which is implemented according to international standards governed by the Hazard Analysis of Critical Control Points ("HACCP") system. We have a quality assurance team that conducts random inspections on all of our outlets to ensure the quality of our food, products and services.

- **Our outlets are easily accessible and strategically located**

  As at the Latest Practicable Date, 16 out of our 18 outlets are located in complexes or malls which are easily accessible by the public. Further, our outlets are strategically located in different parts of Singapore. This allows us to reach out to a wider base of customers and encourage repeat visits.

- **We capitalise on our management's experience and expertise**

  Our senior management is headed by our Executive Directors, Mok Yip Peng and Wong Wei Teck. On average, our Executive Directors have over 11 years of experience in the food and beverage industry. Please refer to the section entitled "Directors, Management and Staff" of this Prospectus for further details of our Executive Directors.

- **We have an established brand name**

  We are one of the leading restaurants in Singapore serving "Chinatown Heritage Cuisine". With over 16 years of experience in the business, we have established our brand name in Singapore and we believe, with our continued efforts to maintain the quality and standard of our food, products and services, we will be able to strengthen this brand name.

Please refer to the section entitled "Competitive Strengths" of this Prospectus for further details.

Our Prospects

Our Directors believe that the following will contribute to our growth:-

- **Singapore as a Tourist and Business Hub**

  Singapore has become a vital tourist and business hub. According to the Singapore Tourism Board, in the first half of 2006, visitor arrivals reached 4.7 million, an 11.8% growth over the same period last year. The Singapore government has announced a slew of initiatives to rejuvenate Orchard Road, Singapore's prime shopping district. Accompanied by the development of the integrated resorts and the efforts of the Singapore government to build up Singapore as a meetings, conventions and exhibitions hub, our Directors believe that the continuous flow of tourist and business travellers to Singapore will benefit our outlets which are located in high tourist concentrated areas such as Suntec City Mall, Paragon, Changi Airport Terminal Two, Marina Square and VivoCity.

- **Health Conscious Consumers**

  Through efforts of the government and a general trend of health consciousness, Singaporeans are paying more attention to nutrition and healthy lifestyles. Our Directors believe that the nutritious and wholesome image of our home-cooked dishes and Herbal Soups will grow in popularity.

- **Regional Consumers**

  Our Directors believe that our Group has established a strong foothold in Singapore. As the market size of the Singapore food and beverage industry is limited, our Directors believe that one of the future growth areas of our Group will be regional expansion. We have identified neighbouring countries such as Indonesia and Malaysia as viable options, as we share similar cultures and food preferences, and the raw materials required for our dishes can be obtained easily.

Please refer to the section entitled “Prospects” of this Prospectus for further details.

Our Future Plans and Business Strategies

We intend to implement the following plans:-

- **Establish new outlets in Singapore**

  As at the Latest Practicable Date, we had 14 outlets under the name of “Soup Restaurant” and three outlets under the name of “Dian Xiao Er” across Singapore. We intend to increase the number of outlets to reach out to a wider customer base.

- **Regional business expansion**

  We intend to expand our business operations regionally through direct investments, joint ventures and/or franchising. Where opportunities arise, we will consider setting up outlets on our own, enter into joint ventures or establish franchise arrangements with suitable parties who are more familiar with the business risks and other associated factors in the countries.

- **Refurbishments of our outlets and facilities**

  We intend to refurbish and upgrade our existing outlets, where necessary, in order to provide a better dining atmosphere and environment for our customers. We also intend to upgrade our facilities and equipment to improve our operational efficiency.

- **We intend to expand our business through acquisitions, joint ventures or strategic alliances**

  We plan to expand our business through acquisitions, joint ventures or strategic alliances with parties who can strengthen our market position, add value to our existing business, as well as enable us to expand into new food related businesses.

Please refer to the section entitled “Future Plans and Business Strategies” of this Prospectus for further details.

Where you can find us

Our principal place of business and registered office is located at 171 Kampong Ampat, #03-11 KA FoodLink, Singapore 368330. Our telephone number is (65) 6222 4668 and our facsimile number is (65) 6222 4667.

Issue Size	:	26,000,000 New Shares offered in Singapore comprising 1,000,000 Offer Shares and 25,000,000 Placement Shares (including 180,000 Internet Placement Shares and 5,000,000 Reserved Shares). The New Shares, upon issue and allotment, will rank *pari passu* in all respects with the existing issued Shares.
Issue Price	:	S$0.21 for each New Share.
Purpose of the Invitation	:	Our Directors consider that the listing of our Company and the quotation of our Shares on the SGX-SESDAQ will enhance our public image locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public, our Independent Directors, management, employees, business associates and those who have contributed to our success with an opportunity to participate in the equity of our Company.
Listing Status	:	Our Shares will be quoted on the SGX-SESDAQ, subject to admission of our Company to the Official List of the SGX-SESDAQ and permission for dealing in, and for quotation of, our Shares (including the New Shares) being granted by the SGX-ST.

You should consider carefully the following risk factors and all other information contained in this Prospectus, before deciding to invest in our Shares. You should also note that certain of the statements set forth below constitute "forward-looking statements" that involve risks and uncertainties.

If any of the following risk factors and uncertainties develops into actual events, our business, financial condition or results of operations or cash flows may be adversely affected. In such circumstances, the trading price of our Shares could decline and you may lose all or part of your investment in our Shares. To the best of our Directors' belief and knowledge, all the risk factors that are material to you in making an informed judgement have been set out below.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

We are subject to changes in economic, social and legal conditions and discretionary consumer spending

Our business is subject to prevailing economic and social conditions. Any adverse change in economic and social conditions may affect consumers' discretionary spending and confidence. These economic and social changes include unemployment levels, interest rates, consumer debt levels, availability of credit, levels of taxation and others. In the event of an economic downturn, consumers tend to be more conscious of the amount that they spend on food. Further, any change in regulations or the implementation of new regulations and government policies may impact consumers' discretionary spending. For example, the goods and services tax increment from 5% to 7% may encourage more consumer spending prior to its official effective date followed by a slow down in consumer spending in the first few months of the increment. Any such negative changes in discretionary consumer spending will have an adverse impact on our business and hence our financial performance.

We are subject to changes in consumer preferences

Our customers are the general consumers in Singapore. Our continued growth and success, to a certain extent, depend on the popularity of our menu, our pricing and dining environment amongst these consumers. Any shift in consumer preferences and market trends away from our cuisine or dining environment may affect our business and consequently our financial performance.

We will be affected by any outbreak of diseases in livestock or food scares

Any outbreak of diseases in livestock or food scares in the region and around the world, for instance, Avian Influenza (particularly when our Group's signature dishes are, amongst others, "Samsui Ginger Chicken" and Dian Xiao Er's various roasted ducks) or Porcine Respiratory and Encephalitis Syndrome may lead to a reduction in the consumption of the affected type of meat or food by consumers. We are not able to predict the outbreak and further occurrences of such diseases, or when there might be an outbreak of new diseases affecting not only meat, but also seafood, vegetables or other ingredients used in our dishes. In the event of any such outbreaks resulting in severe loss of consumer confidence and declined patronage at our outlets, our business may be materially and adversely affected. In addition, a loss in consumer confidence arising from an outbreak of disease concerning any particular raw material may force us to reduce or totally eliminate the use of that raw material in our menu. This may lead to a decline in patronage at our outlets and thus affect our business and financial performance.

Further, sources of supply for the affected types of raw materials may also be reduced or the Singapore government may ban the import of the affected type of raw materials, leading to an increase in the prices of such raw materials and we may not be able to pass on such increase to our customers. Similarly, such government bans may result in the shortage of supply of the affected types of raw materials. In particular, to ensure freshness of our signature dish "Samsui Ginger Chicken", we currently use live chickens in its preparation. We purchase slaughtered live chickens from poultry slaughtering houses and suppliers in Singapore, including Kee Song Brothers Poultry Industries Pte Ltd (one of our major suppliers), who obtain live chickens from Malaysia (currently the only country approved by the Singapore government to import live chickens into Singapore). In the event that our supply of poultry is curtailed or the Singapore government imposes restrictions on the import of such poultry, we may have to stop serving our signature dish at our outlets and this will result in a loss of business which will affect our financial performance. Please refer to the section entitled "Major Suppliers" of this Prospectus for further information on our suppliers. Any restrictions imposed by the Singapore government on other raw materials may similarly affect our financial performance. For instance, there was a brief period in August 2004 where we stopped serving chicken at our outlets due to the government ban and resulting shortage of supply of chicken. Any loss of business, increase in the prices or shortage of raw materials will adversely affect our profitability and financial performance.

We will be affected by any outbreak of SARS or spread of other contagious or virulent diseases

The outbreak of SARS has resulted in loss of human lives. Due to the highly contagious nature of the disease, travel advisories have been issued and quarantines were imposed by certain government authorities in the infected countries. Accordingly, the SARS outbreak has resulted in global economic and social uncertainties. A recurrence of the SARS outbreak or the spread of any other contagious or virulent diseases in Singapore may negatively affect consumer sentiments, leading to a reduced willingness by the public to dine at our outlets. Our revenue may consequently be adversely affected. Further, if any of the employees in our outlets or Food Processing Facility and/or the facilities of our suppliers are infected with SARS or other contagious or virulent disease, we and/or our suppliers may be required to suspend or shut down our operations to prevent spread of the disease. This will cause disruptions to our business and operations, which will have a severe negative impact on our business and financial performance.

We will be affected by any failure to maintain the quality of the food and services we offer

It is essential in the food and beverage industry that the quality of food served must be consistent. Inconsistency in the food quality would result in customers' dissatisfaction and hence a reduction in their patronage. High staff turnover, shortage of staff or the lack of proper supervision may affect the quality of food and services served at our outlets.

In addition to the food quality and services, it is important that the furniture, fixtures and equipment in our outlets are properly maintained in order to uphold our image and branding and encourage repeat patronage by our customers. Failure to do so would adversely affect our business and financial performance.

Our business will be adversely affected by complaints from customers and bad publicity

Like any operator in the food and beverage industry, we can be adversely affected by negative publicity concerning food quality, illnesses, injuries, hygiene standards, publication of government or industry findings concerning food products served by us or other food companies. Our outlets may be subject to negative comments from our customers regarding our food quality, hygiene standards and operational inefficiency. Complaints of illnesses and injuries suffered at our outlets or arising from the consumption of our food may also be made public. In this regard, we had in April 2007 received a complaint from a customer alleging that their table of four diners had suffered from food poisoning after dining at one of our outlets. A claim for the sum of $8,000, all medical bills and the restaurant bill, has been made against us. We have handed over the details of this complaint to our insurers who are currently investigating into this matter. We may also be subject to malicious or groundless rumours that may easily be transmitted through the increased use of the Internet and the increasingly popular mobile phone short text messaging. Such bad publicity, regardless of whether or not these allegations are genuine would adversely affect our image, reduce customers' confidence in our products and result in reduced patronage of our outlets. All these occurrences will have an adverse impact on our business, profitability and financial performance.

In addition, if complaints from our customers escalate to become lawsuits against us, resources such as time and legal costs would have to be utilised and incurred to contest the lawsuits, thereby further affecting our business and financial performance. We cannot assure you that no material litigation will be brought against us in the future.

We may be affected by any increase in rental or the failure to procure the renewal of our existing leases

We lease all our premises from third parties for the operation of our business. Rental costs form a significant component of our total operating costs. For FY2003, FY2004, FY2005 and FP2006, rental expenses as a percentage of our total revenue were approximately 14.6%, 17.5%, 16.5% and 15.9% respectively. Please refer to the section entitled "Properties and Fixed Assets" of this Prospectus for further details of our lease premises.

All our leases are entered for a maximum period of three years. We generally commence negotiations of new leases about six months prior to the expiry of the existing leases. The new lease agreements are usually signed within one month of the expiry of the existing leases. Upon expiry of our existing leases, the landlords and licensors have the right to review and change the terms and conditions of the lease. We may not be able to renew the leases at all or on terms and conditions that are favourable to us. The non-renewal of these leases or renewal upon less favourable terms may have a material adverse effect on our business and profitability.

We may be affected by any change in tenant mix of complexes or malls which our outlets are located or unexpected closure or plans to demolish such complexes or malls

As at the Latest Practicable Date, out of our 18 outlets, 16 are based in complexes or shopping malls. We also have one foodcourt stall in a shopping mall. A change in the tenant mix or anchor tenant of a complex or mall in which our outlets are located may result in fewer customers visiting and patronising the complex or mall and reduces the human traffic flow to our outlets. In addition, the closure or demolition of a particular complex or mall in which our outlet is located may cause us to write off certain fixed assets located in such outlet, and we may not be able to source other suitable alternative in time. This may result in a loss and disruption to our business which may have a material adverse effect on our business and financial performance. Further, poor maintenance of the complex or mall may also result in less patronage at our outlets which have a material adverse effect on our business and financial performance.

We may not be able to secure good locations for further expansion of our business

Our business is to a certain extent dependent on our ability to secure good locations for our outlets. A good location possesses characteristics such as heavy human traffic flow, reasonable rental costs, safe and conducive environment for dining and close proximity to patrons. There is no assurance that we will be able to continue to secure good locations to expand our business, and this may affect our business and financial performance.

Our business is highly competitive and we may not be able to compete successfully in our industry

We operate in an industry that is highly competitive where the barriers of entry are low. Our competitors include large and diverse groups of restaurant chains and individual restaurants. We compete by offering, *inter alia*, good quality food, competitive pricing, good customer services and accessible locations. However, there are risks that our dishes, especially “Samsui Ginger Chicken” may be replicated by other restaurants. In the event that we are unable to compete effectively in our industry, our business and financial performance will be materially and adversely affected. For more information on our competitors, please refer to the section entitled “Competition” of this Prospectus.

We rely on our management

We rely on our management, in particular our Executive Directors, to oversee our business operations, development, strategies and expansion. The loss of any members of our management team without adequate and timely replacements could adversely affect our business. We also believe that our future success will depend on our ability to attract, retain and motivate our management. Our inability to do so would adversely affect our business and financial performance.

Our business is largely service-oriented and we rely on our employees

In addition to our management, our continued success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified and skilled employees. Please refer to the section entitled “Directors, Management and Employees” of this Prospectus for further details of our employees. Any failure to recruit skilled personnel and to retain our key employees may have an adverse impact on our operations and expansion plans. Any material increase in employee turnover rates in any of our existing outlets could have a material adverse effect on our business operations and financial performance. In addition, competition for qualified employees would require us to pay higher wages to attract and retain sufficient and capable employees. This could result in higher employee benefits expenses, thereby adversely affecting our business and financial performance.

Our business is subject to labour and immigration laws and policies that govern the employment of our foreign employees

Our business operations are labour intensive and there is a shortage of manpower in the food and beverage industry. As at 30 September 2006, we had, in aggregate, 239 employees, out of which 95 were foreign employees. Please refer to the section entitled "Employees" of this Prospectus for more details. In September 1999, our Company, Soup Restaurant (Seah Street), Soup Restaurant (Causeway), our Managing Director, Mok Yip Peng and our Executive Officer, Victor Lee Ngai Meng were charged for employing seven Malaysian workers without valid work permits. Our Company and Mok Yip Peng were also charged for employing a Malaysian cook at Soup Restaurant (Causeway) in breach of a condition of his work permit (for not working at the specified outlet under the said work permit). For further details, please refer to the section entitled "General and Statutory Information" of this Prospectus. Our business is therefore subject to labour and immigration laws and policies that govern the employment of our foreign employees. Employee benefits expenses (excluding Directors' remuneration) expressed as a percentage of total revenue for FY2003, FY2004, FY2005 and FP2006 were approximately 31.3%, 31.8%, 29.8% and 28.9% respectively. Please refer to the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Prospectus for further details. In the event of any change in the labour laws such as an increase in foreign worker levy, our business and financial performance may be adversely affected.

Pilferage by our employees will harm our business and financial performance

As most of our sales are on cash basis, pilferage of cash may occur should there be any lapses in our cash management and control measures. For instance, there was one incident of pilferage of an amount of less than S$1,000 in June 2005. Save for this one incident, there have been no other incidences of pilferage in the period under review. However, such pilferage of cash, if material, will adversely affect our business and financial performance.

We are susceptible to changes in the costs of raw materials and our business may be affected by the shortage of supply of raw materials

Purchases of raw materials as a percentage of our revenue for FY2003, FY2004, FY2005 and FP2006 were approximately 24.4%, 24.3%, 24.2% and 23.6% respectively. Please refer to the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Prospectus for further details. The prices of these raw materials are subject to fluctuations due to various factors beyond our control, including but not limited to severe changes in climatic conditions and outbreak of diseases, all of which may reduce supply and lead to increases in the costs of raw materials. In the event that we are unable to pass on any increase in the costs of raw materials to our customers, our business and financial performance may be materially and adversely affected. Further, there may be a shortage of supply of the raw materials as a result of climatic conditions, for instance, there may be a shortage of supply of certain raw materials due to floods or other natural calamities. As a result, we may not be able to serve certain dishes at our outlets and our business may be affected.

There are uncertainties associated with our proposed business expansion

We intend to expand our presence, both overseas and in Singapore. Please refer to the section entitled "Future Plans and Business Strategies" of this Prospectus for further details. Our expansion plans involve a number of risks, including but not limited to our ability to secure good locations as mentioned above, the cost of setting up new outlets, as well as other working capital requirements. As we have limited experience in the setting up and operation of businesses overseas, there is no certainty that we will be able to manage our overseas business expansion plans effectively and successfully. If we are unable to do so, our business and financial performance will be materially and adversely affected.

Economic, social and political situations in the countries in which we propose to expand our business may affect our overseas expansion plans and financial performance

At present, our businesses are mainly located in Singapore and we have plans for overseas expansion. Please refer to the section entitled "Future Plans and Business Strategies" of this Prospectus for further details. Our overseas expansion plans may be materially and adversely affected by developments with respect to inflation, interest rates, government policies, price and wage controls, exchange control regulations, taxation, expropriation, social instability and other political, economic or diplomatic developments in or affecting the relevant countries that we are planning to expand to. In addition, our investment in overseas expansion may not materialise and this will adversely affect our business and financial performance.

We may be adversely affected if our intellectual property rights are not protected

As at the date of this Prospectus, most of all our trademarks have been registered in Singapore. We have filed applications for the registration of our trademarks with the Intellectual Property Office of Jakarta, Indonesia. Please refer to the section entitled "Intellectual Property" of this Prospectus for more details. We are unable to confirm the date on which our trademarks will be registered. Pending registration of our trademarks, any misuse of our trademarks may harm our reputation and consequently our business and financial performance.

In addition, in the event that any third party alleges proprietary rights over such trademarks, we may be exposed to legal proceedings brought against us by such third parties in respect of our use of the trademarks. These legal proceedings may result in monetary liability in the form of damages and/or an account of profit and prevent us from further using our trademarks. Our business and financial performance will be adversely affected in such an event.

We are affected by regulations governing our operations and any change in such regulations

We are subject to the laws and regulations governing the food and beverage industry, including but not limited to those relating to taxes, food safety, handling and storage, hygiene standards, sale of food and beverages requirements. Our Group was summoned by the then Ministry of the Environment for breach of the Environment Public Health (Food Establishment) Regulations 1973 in 1992, 1995, 1999 and 2005. Please refer to the section entitled "General and Statutory Information" of this Prospectus for further details. We are required to obtain and maintain for our operations, certain licences, permits and approvals from the relevant authorities. Please refer to the section entitled "Governmental Regulations" of this Prospectus for more details of the licences and permits held by our Group. In the event that we are unable at any time to comply with the existing regulations, such as obtaining, maintaining or renewing the relevant licences required in operating our businesses, or any changes in such regulations, or any new regulations introduced by the relevant authorities, we may be disallowed to continue our business operations. In addition, any change in or introduction of new regulations that require our compliance may increase our cost of operations. All these will have an adverse effect on our business and financial performance.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Substantial future sale of Shares could adversely affect the market price of our Shares

Any future sale or availability of our Shares in the public market can have a downward pressure on our Share price. The sale of a significant amount of Shares in the public market after the Invitation, or the perception that such sale may occur, could materially and adversely affect the market price of our Shares.

Except as otherwise described under the section entitled "Moratorium" of this Prospectus, there will be no restriction on the ability of our Controlling Shareholders and our Directors to sell their Shares either on the SGX-SESDAQ or otherwise. If our Controlling Shareholders sell substantial number of our Shares in the public market following the expiry of the moratorium, the market price of our Shares could fall.

In addition, in the event that we sell new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of sale, except in the event that we elect to conduct a rights issue. However, in the event that we elect to conduct a rights issue or certain other equity issue, we will have the discretion and may also be subject to certain procedures and regulations. Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may experience dilution in their shareholdings as a result and the market price of our Shares may be affected.

New investors in our Shares will face immediate and substantial dilution and may experience future dilution

Our Issue Price of S$0.21 is higher than our Group's adjusted NAV per Share of approximately 5.48 cents as at 30 September 2006, based on the post-Invitation issued share capital of 99,500,000 Shares and after adjusting for the estimated net proceeds from the Invitation. Thus, there is an immediate and substantial dilution for investors who subscribe for the New Shares in the Invitation. If we were liquidated immediately based on NAV following the Invitation, each Shareholder subscribing to the Invitation would receive less than the price they paid for their Shares. Details of the immediate dilution of our Shares incurred by new investors are described under the section entitled "Dilution" of this Prospectus.

Our Controlling Shareholders and our Directors will retain 69.70% interests in our Company after the Invitation, which will allow them to influence the outcome of matters submitted to Shareholders for approval

Upon completion of the Invitation, our Controlling Shareholders and our Directors will, in aggregate, beneficially own approximately 69.70% of our enlarged share capital after the Invitation. As a result, these persons, if they act together, will be able to exercise significant influence over all matters requiring approval by our Shareholders, including the election of Directors and the approval of significant corporate transactions including mergers. These persons will also have veto power, if they act together with respect to any shareholder action or approval requiring a majority vote except where they are required by the Rules of the Listing Manual to abstain from voting. This concentration of ownership will place these Shareholders in a position to affect significantly our corporate actions such as mergers or takeover attempts (notwithstanding that the same may be synergistic or beneficial to our Group) in a manner that could conflict with the interest of public Shareholders.

Our share price may be volatile, which could result in substantial losses for investors purchasing our Shares pursuant to the Invitation

The market price of our Shares may fluctuate significantly and rapidly as a result of, *inter alia*, the factors mentioned below:-

– differences between our actual financial and operating results and those expected by investors and analysts;

– announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;

– fluctuations in stock market prices and volume;

– changes in our operating results;

– changes in securities analysts' estimates of our financial performance and recommendations;

– changes in market valuation of similar companies;

– our involvement in litigation, arbitration or other forms of dispute resolution;

– additions or departures of key personnel; and

– changes in general economic and stock market conditions.

There has been no prior market for our Shares and the Invitation may not result in an active or liquid market and there is a possibility that our Share price may be volatile

Prior to Invitation, there has been no public market for our Shares. Although we have made an application to list our Shares on the SGX-SESDAQ, there is no assurance that an active or liquid market for our Shares will develop, or if it develops, will be sustained. The Issue Price was determined by us, in consultation with the Manager, the Placement Agent and the Underwriter, and may not be indicative of prices that may prevail in the trading market after the completion of the Invitation. There is also no assurance that the market price for our Shares will not decline below the Issue Price. The market price of our Shares could also be subject to significant fluctuations due to various external factors which are outside our control and which may be unrelated or disproportionate to our financial results as mentioned above.

We may require additional funding for our future growth

Although we have identified our future plans set out in the section entitled "Future Plans" of this Prospectus as the avenues to pursue growth in our business, the issue proceeds from the Invitation may not be sufficient to fully cover the estimated costs of implementing all these plans. We may also find opportunities to grow through acquisitions that cannot be predicted at this juncture. Under such circumstances, secondary issue(s) of securities after the Invitation may be necessary to raise the required capital to develop these growth opportunities. If new Shares placed to new and/or existing Shareholders are issued after the Invitation, they may be priced at a discount to the then prevailing market price of our Shares trading on the SGX-SESDAQ, in which case, existing shareholders' equity interest may be diluted. If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our share price. Any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund-raising exercises and other financial and operational matters in any such events, our growth or financial performance will be adversely affected.

Negative publicity, including those relating to any of our Directors, Substantial Shareholders or key personnel, may adversely affect our share price

Any negative publicity or announcement relating to any of our Directors, Substantial Shareholders or key personnel may adversely affect the stock performance of our Company, whether or not this is justifiable. Such negative publicity or announcement may include, *inter alia*, involvement in insolvency proceedings and failed attempts on takeovers and joint ventures.

Pursuant to a management and underwriting agreement dated 15 May 2007 (the "Management and Underwriting Agreement"), our Company appointed the Manager, and the Manager has agreed, to manage the Invitation. The Manager will receive a management fee from our Company for its services rendered in connection with the Invitation as the Manager. Pursuant to the Management and Underwriting Agreement, the Underwriter agreed to underwrite the subscription of the Offer Shares on the terms and conditions therein, and our Company agreed to pay the Underwriter an underwriting commission of 2.25% of the aggregate Issue Price for the total number of Offer Shares. The Underwriter may, at its absolute discretion, appoint one more sub-underwriters for the Offer Shares.

Pursuant to the placement agreement dated 15 May 2007 (the "Placement Agreement"), the Placement Agent agreed to subscribe for and/or procure subscriptions for the Placement Shares at the Issue Price. In consideration of the agreement of the Placement Agent to subscribe for and/or procure subscriptions for the Placement Shares, our Company agreed to pay to the Placement Agent a placement commission of 2.5% of the aggregate Issue Price for the Placement Shares. The Placement Agent may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Brokerage will be paid by our Company to the Underwriter, members of the SGX-ST, banks and merchant banks in Singapore in respect of accepted applications made on Offer Shares Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through ATM Applications or IB Applications, at the rate of 0.25% of the Issue Price for each Offer Share. In addition, DBS levies a minimum brokerage fee of S$5,000 that will be paid by our Company.

Subscribers of the Placement Shares (excluding the Reserved Shares) may be required to pay a brokerage of up to 1.0% of the Issue Price to the Placement Agent.

No commission, discount or brokerage, has been paid or other special terms have been granted within the two years preceding the date of this Prospectus or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of our Company and our subsidiaries.

If there shall have been, since the date of the Management and Underwriting Agreement and prior to or on the close of the Application List:-

(a) any breach of the warranties or undertakings in the Management and Underwriting Agreement; or

(b) any occurrence of certain specified events which comes to the knowledge of the Manager or the Underwriter; or

(c) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) of our Company or of our Group as a whole; or

(d) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore; or

(e) any change, or any development involving a prospective change or any crisis, in national or international monetary, financial economic or political conditions (including but without limiting thereto conditions in the stock market, in the foreign exchange market and conditions with respect to interest rates in Singapore and overseas); or

(f) any occurrence or any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict (whether or not involving financial markets and including but not limited to any act of terrorism); or

(g) foreign exchange controls in Singapore and overseas or any occurrence of a combination of any such changes or developments or crises, or any deterioration of any such conditions; or

(h) any other occurrence of any nature whatsoever,

which has resulted or is in the reasonable opinion of the Manager likely to result in the conditions in the stock market and/or stock markets overseas being materially and adversely affected; or the success of the Invitation being materially prejudiced; or it becoming inadvisable, inexpedient or not commercially viable or otherwise contrary to or outside the usual commercial customs or practices in Singapore for the Manager or the Underwriter to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement or the Invitation; or the business, trading position, operations or prospects of our Group being materially and adversely affected, the Manager (for itself and for and on behalf of the Underwriter) may at any time prior to the close of the Application List by notice in writing to our Company rescind or terminate the Management and Underwriting Agreement.

The Manager or the Underwriter may by notice in writing to our Company terminate the Management and Underwriting Agreement if:-

(a) at any time up to the commencement of trading of our Shares on the SGX-SESDAQ, a stop order is issued by the Authority in accordance with Section 242 of the SFA; or

(b) at any time after the registration of this Prospectus by the Authority but before the close of the Application List, our Company fails and/or neglects to lodge a supplementary or replacement prospectus (as the case may be) if it becomes aware of:-

    (i) a false or misleading statement or matter in this Prospectus;

    (ii) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or

    (iii) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in the Prospectus if it had arisen before this Prospectus was lodged,

    that is materially adverse from the point of view of an investor; or

(c) the Shares have not been admitted to the Official List of the SGX-SESDAQ on or before 28 May 2007 (or such other date as our Company and the Manager may agree).

The obligations under the Placement Agreement are conditional upon the Management and Underwriting Agreement not being determined or rescinded pursuant to the provisions of the Management and Underwriting Agreement. In the case of the non-fulfilment of any of the conditions in the Management and Underwriting Agreement or the release or discharge of the Manager and/or Underwriter (as the case may be) from their obligations under or pursuant to the Management and Underwriting Agreement, the Placement Agreement shall be terminated and the parties shall be released from their respective obligations under the Placement Agreement.

Save as disclosed above, in the reasonable opinion of our Directors, we do not have any material relationship with the Manager, the Placement Agent and the Underwriter.

The net proceeds to be raised by our Company from the issue of the New Shares (after deducting the estimated issue expenses of S$1.06 million to be borne by our Company) are estimated to be S$4.40 million.

We intend to use the net proceeds for the purposes set out below:-

(a) approximately S$1.00 million to be used for our local and regional business expansion as described in the section entitled “Future Plans and Business Strategies” of this Prospectus;

(b) approximately S$0.50 million to be used to refurbish our outlets and facilities as described in the section entitled “Future Plans and Business Strategies” of this Prospectus; and

(c) the balance of S$2.90 million to be used for our general working capital requirements.

The allocation of each principal intended use of proceeds and major expenses is set out below:-

	Estimated amount (S$'000)	**Amount allocated for each dollar of the proceeds raised from the Invitation (in percentage and in cents)**
<u>Use of proceeds</u>		
Business expansion (local and regional)	1,000	18.32
Refurbishments of our outlets and facilities	500	9.16
General working capital	2,902	53.15
<u>Expenses</u>		
Initial listing and processing fees	30	0.55
Professional fees	635	11.63
Underwriting commission, placement commission and brokerage [1]	133	2.43
Miscellaneous expenses	260	4.76
TOTAL	5,460	100.00

Note:-

(1) DBS levies a minimum brokerage fee of S$5,000 that will be paid by our Company.

Pending the deployment of the net proceeds as aforesaid, the funds will be placed in short-term deposits or money market instruments, or used as working capital as our Directors may deem fit.

There is no minimum amount which, in the reasonable opinion of our Directors, must be raised by the Invitation.

INVITATION STATISTICS

Issue Price	S$0.21
NAV	
NAV per Share based on the audited consolidated balance sheet of our Group as at 30 September 2006:-	
(a) before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 73,500,000 Shares	5.41 cents
(b) after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 99,500,000 Shares	8.42 cents
Premium of Issue Price of S$0.21 over the NAV per Share:-	
(a) before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 73,500,000 Shares	288.2%
(b) after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 99,500,000 Shares	149.4%
Earnings	
Historical net EPS for FY2005 and based on the pre-Invitation share capital of 73,500,000 Shares	1.87 cents
Price earnings ratio	
Historical PER based on the historical net EPS for FY2005	11.2 times
Net operating cash flow [1]	
Historical net operating cash flow per Share for FY2005, based on the pre-Invitation share capital of 73,500,000 Shares	2.87 cents
Price to net operating cash flow ratio	
Ratio of Issue Price to historical net operating cash flow per Share for FY2005	7.3 times
Market capitalisation	
Our market capitalisation based on the post-Invitation share capital of 99,500,000 Shares and the Issue Price of S$0.21	S$20.90 million

Note:-

(1) Net operating cash flow is defined as net profit after income tax with depreciation added back.

DIVIDEND POLICY

Our Company declared and paid net dividends of S$49,000, S$1,500,000 and S$1,000,000 on our Shares in respect of FY2004, FY2005 and FP2006. Save as aforesaid, our Company has not declared or paid any dividend on our Shares in the period under review and for the period beginning 1 October 2006 and ending on the Latest Practicable Date.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings and financial position, our results of operations, our capital needs, our plans for expansion and other factors as our Directors may deem appropriate.

We may declare annual dividends with the approval of our Shareholders in a general meeting, but the amount of such dividends shall not exceed the amount recommended by our Directors. Our Directors may also declare an interim dividend without the approval of our Shareholders. We must pay all dividends out of profits or pursuant to Section 69 of the Companies Act which permits us to apply accumulated profits to pay dividends in the form of Shares.

There is no assurance that dividends will be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising Shareholders' value.

For information relating to taxes payable on dividends, please refer to the section entitled "Taxation" of this Prospectus.

Our Company (company registration number 199103597Z) was incorporated in Singapore on 20 July 1991 under the Companies Act as an exempt private company under the name of Soup Restaurant Pte Ltd.

As at the Latest Practicable Date, our issued and paid-up capital was S$245,000 comprising 245,000 Shares.

At extraordinary general meetings held on 23 March 2007 and 24 April 2007, our Shareholders approved, *inter alia*, the following:-

(a) the capitalisation of S$490,000 out of our retained profits by way of a bonus issue of 490,000 Shares fully paid to the Shareholders of our Company (the "Bonus Issue");

(b) the sub-division of our issued share capital of 735,000 Shares with the issued and paid-up capital of S$735,000 in capital of our Company be sub-divided into 73,500,000 Shares on the basis from one Share into 100 Shares (the "Share Split");

(c) the conversion of our Company into a public limited company and the change of our name to Soup Restaurant Group Limited;

(d) the adoption of a new set of Articles of Association;

(e) the issue of 26,000,000 New Shares which are the subject of the Invitation on the basis that the New Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing Shares; and

(f) the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to

  (i) issue Shares whether by way of rights, bonus or otherwise (including Shares as may be issued pursuant to any Instrument (as defined below) made or granted by our Directors while this resolution is in force notwithstanding that the authority conferred by this resolution may have ceased to be in force at the time of issue of such Shares), and/or

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

  at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit provided that the aggregate number of Shares issued pursuant to such authority (including Shares issued pursuant to any Instrument but excluding Shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company), shall not exceed 50 per cent of the issued share capital of our Company immediately after the Invitation, and provided that the aggregate number of such Shares to be issued other than on a *pro rata* basis in pursuance to such authority (including Shares issued pursuant to any Instrument but excluding Shares which may be issued pursuant to any Adjustment effected under any relevant Instrument) to the existing Shareholders shall not exceed 20 per cent of the issued share capital of our Company immediately after the Invitation, and unless revoked or varied by our Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of our Company or the date by which the next Annual General Meeting of our Company is required by law to be held, whichever is the earlier.

As at the Latest Practicable Date, there is only one class of shares in the capital of our Company. A summary of the Articles of Association of our Company relating to the voting rights of Shareholders is set out on in Appendix III of this Prospectus. There is no founder, management, deferred or unissued Shares reserved for issuance for any purpose.

Details of changes in our issued and paid-up capital since 1 January 2004 and immediately after the Invitation are as follows:-

	Resultant number of Shares	Resultant share capital (S$)
Issued and fully paid Shares as at 1 January 2004	245,000	245,000
Issue of new Shares pursuant to the Bonus Issue	735,000	735,000
Sub-division of one Share into 100 Shares pursuant to the Share Split	73,500,000	735,000
New Shares issued pursuant to the Invitation	99,500,000	6,195,000

The Shareholders' equity of our Company as at 30 September 2006 and after adjustments to reflect the Bonus Issue, the Share Split and the issue of the New Shares are set out below. This should be read in conjunction with Appendix I and Appendix II of this Prospectus:-

S$'000	As at 30 September 2006	After the Bonus Issue and the Share Split	After the Invitation
Shareholders' equity			
Share capital	245	735	6,195
Accumulated profits	704	214	214
Expenses in connection with the Invitation	–	–	(1,058)
Total	949	949	5,351

OWNERSHIP STRUCTURE

The shareholdings of our Directors and Shareholders in our Company immediately before and after the Invitation are set out below:-

	Before the Invitation		After the Invitation	
	Number of Shares	%	Number of Shares	%
Directors				
Mok Yip Peng	19,252,200	26.19	19,252,200	19.35
Wong Wei Teck	14,184,300	19.30	14,184,300	14.26
Then Khek Koon (1)	11,172,000	15.20	11,172,000	11.23
Cham Tao Soon	–	–	– (2)	–
Chua Koh Ming	–	–	– (2)	–
Jong Voon Hoo	–	–	– (2)	–
Saw Meng Tee (Su Mingzhi)	–	–	– (2)	–
Substantial Shareholders				
Wong Chi Keong	13,494,600	18.36	13,494,600	13.56
Pang Cheng Jin @ Cen You Hao (1)	11,245,500	15.30	11,245,500	11.30
Ho Hong Chin	4,077,900	5.55	4,077,900	4.10
Shareholders of less than 5%				
Ang Jong Eng	73,500	0.10	73,500	0.07
Public (including Reserved Shares)	–	–	26,000,000	26.13
Total	73,500,000	100.00	99,500,000	100.00

Notes:-

(1) Then Khek Koon and Pang Cheng Jin @ Cen You Hao are unrelated third party passive investors who have known our Managing Director, Mok Yip Peng on a personal basis. From 1997 to 2001, several Soup Restaurant outlets were set up under different subsidiary companies, of which Then Khek Koon and Pang Cheng Jin @ Cen You Hao were investors. Due to their investment in these subsidiary companies, they were issued shares and Then Khek Koon took up non-executive directorships in some of these subsidiaries. In February 2001, pursuant to a restructuring exercise, these subsidiary companies were restructured as wholly-owned subsidiaries of our Company. Then Khek Koon and Pang Cheng Jin @ Cen You Hao were issued shares in our Company and Then Khek Koon took up non-executive directorship in our Company. Both Then Khek Koon and Pang Cheng Jin @ Cen You Hao have always been merely passive investors. None of them has any executive role in our Group since their investment in our Group.

(2) Each of our Independent Directors, Cham Tao Soon, Chua Koh Ming, Jong Voon Hoo and Saw Meng Tee (Su Mingzhi) will be offered 100,000 Reserved Shares at the Issue Price in recognition of their future contributions to our Group. In the event that such Independent Directors accept any or all of the Reserved Shares offered to them, they may dispose of or transfer any or all their Shares one month after the admission of our Company to the Official List of the SGX-SESDAQ.

There are no other relationships between the Directors and Substantial Shareholders. Each of our Directors and Substantial Shareholders does not have any deemed interests in Shares within the meaning of Section 4 of the Companies Act as at the date of this Prospectus.

Each of our Shareholders has confirmed that as at the date of this Prospectus, he or she does not hold any Shares on trust for any person and no other Shareholder is holding any Shares on trust for him/her.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether jointly or severally, by any other person or any government.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares. Our Directors are not aware of any arrangement, the operation which may, at a subsequent date, result in a change in control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation which has occurred during the last or current financial year.

Significant Changes in Percentage of Ownership of our Company

On 13 December 2006, Ho Hong Chin sold 4,537 Shares at the price of S$60.00 per Share (the "Shares Sale") (which is equivalent to S$0.20 per Share, as adjusted for the Bonus Issue and Share Split) as follows:-

Transferee	Number of Shares	Consideration
Mok Yip Peng	1,258	S$75,480
Wong Wei Teck	927	S$55,620
Then Khek Koon	735	S$44,100
Wong Chi Keong	882	S$52,920
Pang Cheng Jin @ Cen You Hao	735	S$44,100
Total	4,537	S$272,220

The changes in the percentage of ownership due to the above Shares Sale are as follows:-

	Percentage ownership before the Shares Sale	Percentage ownership after the Shares Sale
Directors		
Mok Yip Peng	25.68	26.19
Wong Wei Teck	18.92	19.30
Then Khek Koon	14.90	15.20
Substantial Shareholders		
Wong Chi Keong	18.00	18.36
Pang Cheng Jin @ Cen You Hao	15.00	15.30
Ho Hong Chin	7.40	5.55

Save as disclosed, there has been no change in the percentage of ownership of our Shares during the last three years up to the date of this Prospectus.

MORATORIUM

To demonstrate their commitment to our Group, our Substantial Shareholders, namely Mok Yip Peng, Wong Wei Teck, Then Khek Koon, Wong Chi Keong, Pang Cheng Jin @ Cen You Hao, and Ho Hong Chin, who will in aggregate hold 73,426,500 Shares in our Company, representing approximately 69.70% of our Company's enlarged share capital after the Invitation, has each undertaken not to sell, transfer, assign, realise or otherwise dispose of any part of his respective shareholdings or interests in our Company for a period of six months from the date of our Company's admission to the Official List of SGX-SESDAQ, and for a period of six months thereafter not to sell, transfer, assign, realise or otherwise dispose of more than 50% of their respective shareholdings or interests (adjusted for any bonus issue or sub-division) in our Company after the Invitation.

Each of our Independent Directors, Cham Tao Soon, Chua Koh Ming, Jong Voon Hoo and Saw Meng Tee (Su Mingzhi) will be offered 100,000 Reserved Shares at the Issue Price in recognition for their future contributions to our Group. In the event that such Independent Directors accept any or all of the Reserved Shares offered to them, each of them has voluntarily undertaken not to sell, transfer, realise or otherwise dispose any part of their Shares within one month after the admission of our Company to the Official List of the SGX-SESDAQ.

The following shows our cash and cash equivalents as per our balance sheets, capitalisation and indebtedness on a Group basis:-

(1) on an actual basis as at 30 September 2006;

(2) as at the Latest Practicable Date; and

(3) the application of the net proceeds from the issue of the New Shares, after deducting estimated expenses related to the Invitation.

The table should be read in conjunction with our consolidated financial statements and the related notes included in this Prospectus as well as the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Prospectus.

S$'000	Audited as at 30 September 2006	Unaudited as at the Latest Practicable Date	As adjusted for the Invitation
Cash and cash equivalents as per balance sheets	2,416	2,651	7,053
Indebtedness (secured and guaranteed)			
– Finance lease payables (short-term)	7	26	26
– Finance lease payables (long-term)	23	76	76
	30	102	102
Shareholders' equity	3,979	5,995	10,397
Total capitalisation and indebtedness	4,009	6,097	10,499

Please refer to the section entitled "Liquidity and Capital Resources" of this Prospectus for further discussion on our indebtedness.

As at the Latest Practicable Date, we did not have any capital commitments.

As at the Latest Practicable Date, our operating lease commitments were as follows:-

	S$'000
Within one year	4,518
Within two to five years	4,548

As at the Latest Practicable Date, to the best of our knowledge, information and belief, we are not aware of any contingent liabilities which may have a material effect on the financial position and profitability of our Group.

Save as disclosed above, since 30 September 2006 to the Latest Practicable Date, there were no material changes in our total capitalisation and indebtedness.

The increase in cash and cash equivalents of approximately S$4.40 million after the Invitation is due to the net proceeds from the issue of the New Shares pursuant to the Invitation.

DILUTION

Dilution is the amount by which the Issue Price to be paid by you, as subscribers of our New Shares in the Invitation ("New Investors"), exceeds our NAV per Share after the Invitation. Our NAV per Share based on our audited consolidated financial statements as at 30 September 2006 and our pre-Invitation share capital of 73,500,000 Shares was 5.41 cents.

After adjusting for the gain or loss on acquisitions or disposals between the period from 1 October 2006 to the date of registration of this Prospectus by the Authority, our NAV per Share based on our pre-Invitation share capital of 73,500,000 Shares would have been 5.48 cents.

Based on the issue of 26,000,000 New Shares at the Issue Price pursuant to the Invitation and after deducting the estimated issue expenses, the NAV of our Group (based on our audited consolidated financial statements as at 30 September 2006 and adjusted for gain or loss on acquisitions and disposals between 1 October 2006 to the date of registration of this Prospectus by the Authority) would have been 8.47 cents per Share based on our post-Invitation share capital of 99,500,000 Shares.

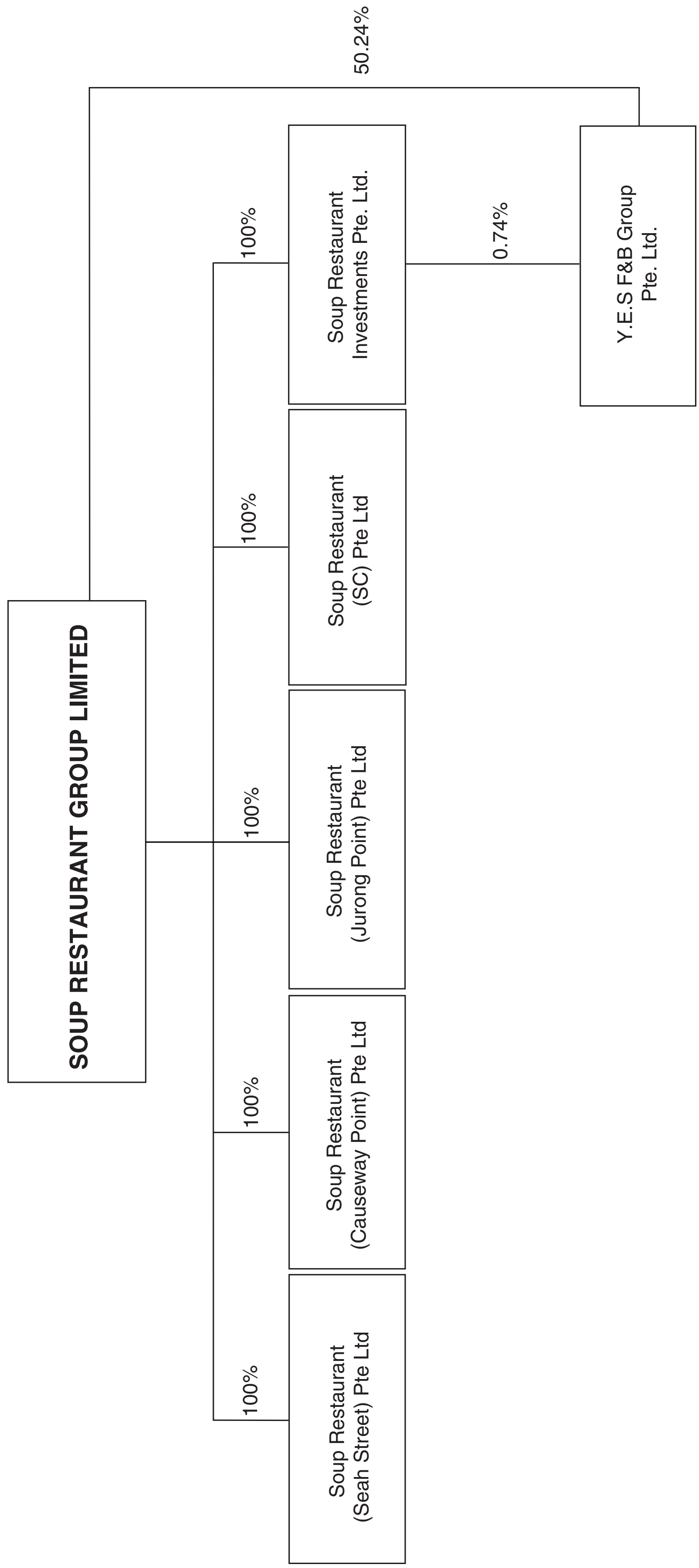
This represents an immediate increase in NAV per Share of 2.99 cents to our existing Shareholders and an immediate dilution of 12.53 cents per Share to our New Investors. The following table illustrates such dilution on a per Share basis:-

	Cents
Issue Price per Share	21.00
NAV per Share based on our audited consolidated financial statements as at 30 September 2006 before adjusting for the Invitation	5.41
Increase in NAV per Share due to acquisitions or disposals between the period from 1 October 2006 to the date of registration of this Prospectus by the Authority	0.07
Increase in NAV per Share from the net proceeds from the Invitation	2.99
NAV per Share after the Invitation	8.47
Dilution per Share to New Investors	12.53
Dilution per Share to New Investors as a percentage of the Issue Price	59.7%

The following table compares the effective cash cost per Share paid by our Directors and Substantial Shareholders for Shares (as adjusted for the Bonus Issue and the Share Split) acquired by each of them during the period of three years before the date of lodgement of this Prospectus with the Authority and the Issue Price per Share to be paid by the New Investors:-

	Number of Shares	**Effective cash cost / Issue Price (Cents per Share)**
Directors		
Mok Yip Peng	12,960,600	1.55
Wong Wei Teck	9,548,900	1.55
Then Khek Koon	7,521,500	1.56
Controlling Shareholders		
Wong Chi Keong	9,084,600	1.55
Pang Cheng Jin @ Cen You Hao	7,570,500	1.55
Substantial Shareholder		
Ho Hong Chin	2,718,600	1.00
New Investors	26,000,000	21.00

Our Group's structure is as follows:-



Subsidiaries

The details of each subsidiary of our Company as at the date of this Prospectus are as follows:-

Name	Date and place of incorporation and principal place of business	Principal activities	Issued and paid-up share capital	Percentage owned (%)
Soup Restaurant (Seah Street) Pte Ltd	10 July 1997 Singapore	Restaurant operations	S$100	100
Soup Restaurant (Causeway Point) Pte Ltd	10 September 1998 Singapore	Restaurant operations	S$100,000	100
Soup Restaurant (Jurong Point) Pte Ltd	31 May 1999 Singapore	Restaurant operations	S$100,000	100
Soup Restaurant (SC) Pte Ltd	3 March 2000 Singapore	Restaurant operations	S$100,000	100
Soup Restaurant Investments Pte. Ltd.	16 June 2000 Singapore	Investment holding	S$2	100
Y.E.S F&B Group Pte. Ltd.	28 August 2002 Singapore	Food and beverage business	S$397,000	50.98 (1)

Note:-

(1) The directors of Y.E.S F&B Group are Yik Kuen Koon, Eliza Gunawan (spouse of Yik Kuen Koon), Wong Wei Teck, Chan Chee Hung (Chen Zhiheng) and Toh Yen Sang (Zhuo Yanshuang). The remaining shareholders of Y.E.S F&B Group are Yik Kuen Koon (24.51%) and Eliza Gunawan (24.51%). Yik Kuen Koon and Eliza Gunawan are not related to our Directors or Substantial Shareholders.

None of our subsidiaries are listed on any stock exchange.

Others

As at the date of this Prospectus, we have an option to convert a convertible and interest free loan of up to 30% of the issued and paid-up capital of the Franchisee. The details of the Franchisee are as follows:-

Name	Date and place of incorporation and principal place of business	Principal activities	Issued and paid-up share capital	Percentage owned (%)
PT Viswa International (1)	24 March 2004 Indonesia	Restaurant operations	Rp2,000,000,000	N/A (2)

Notes:-

(1) The directors of PT Viswa International are Irvan Shahruzaman, Whitlam Luhur and Aditya Surendro. The shareholders are PT Viwa International (99%) and Maulana Akbar (1%). The directors and shareholders of PT Viwa International are Irvan Shahruzaman (52%) and Whitlam Luhur (48%). None of the directors and shareholders of PT Viswa International or PT Viwa International is related to our Directors or Substantial Shareholders.

(2) Our Group has provided a convertible and interest free loan for the principal amount of S$120,000 to the Franchisee in July 2005. The Franchisee has granted an option to our Group to convert the said loan up to 30% of the issued and paid-up capital of the Franchisee. The option is not subject to any term of expiry and the number of shares issued upon the exercise of the option and the exercise date of the option shall be mutually agreed at a later date.

The Franchisee is not listed on any stock exchange.

The following selected group financial information should be read in conjunction with the full text of this Prospectus, including Appendix I and Appendix II of this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Prospectus.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Audited			Unaudited	Audited
S$'000	**FY2003** (restated)[(1)]	**FY2004** (restated)[(1)]	**FY2005**	**FP2005**	**FP2006**
Revenue	13,481	16,847	19,963	14,861	15,212
Other income	173	484	420	337	167
Changes in inventories	12	19	8	4	3
Purchases and other consumables	(3,295)	(4,088)	(4,827)	(3,617)	(3,594)
Employee benefits expenses	(4,817)	(6,000)	(6,602)	(5,033)	(4,872)
Depreciation of plant and equipment	(304)	(458)	(736)	(558)	(578)
Other expenses	(3,927)	(5,734)	(6,365)	(4,963)	(4,434)
Finance costs	(1)	(9)	(5)	(4)	(1)
Profit before income tax	1,322	1,061	1,856	1,027	1,903
Income tax	(296)	(222)	(484)	(355)	(350)
Profit after income tax attributable to equity holders	1,026	839	1,372	672	1,553
EPS (cents) [(2)]	1.40	1.14	1.87	0.91	2.11
EPS (as adjusted for the Invitation) (cents) [(3)]	1.03	0.84	1.38	0.68	1.56

Notes:-

(1) We have adjusted our opening accumulated profits as at 1 January 2003, 1 January 2004 and 1 January 2005 downwards for contributions to a defined contribution plan for temporary and casual workers previously not accrued for in prior years, resulting in a decrease in our profit after income tax attributable to equity holders by $47,050 and $50,700 respectively for FY2003 and FY2004. Please also refer to page I-20 of this Prospectus for further details.

(2) EPS is computed based on the profit after income tax attributable to equity holders and the pre-Invitation share capital of 73,500,000 Shares.

(3) EPS (as adjusted for the Invitation) is computed based on the profit after income tax attributable to equity holders divided by the post-Invitation share capital of 99,500,000 Shares.

CONSOLIDATED BALANCE SHEETS

S$'000	Audited as at 31 December 2005	Audited as at 30 September 2006
Non-current assets		
Plant and equipment	1,798	1,765
Investments available-for-sale	197	197
	1,995	1,962
Current assets		
Inventories	39	42
Trade receivables	149	148
Other receivables	1,148	1,416
Current income tax recoverable	64	46
Cash and cash equivalents	3,516	2,416
	4,916	4,068
Current liabilities		
Trade payables	(605)	(527)
Other payables	(2,117)	(826)
Finance lease payables	(7)	(7)
Provisions	(165)	(178)
Current income tax payable	(358)	(285)
	(3,252)	(1,823)
Net current assets	1,664	2,245
Non-current liabilities		
Finance lease payables	(29)	(23)
Deferred tax liabilities	(204)	(205)
	(233)	(228)
Net assets	3,426	3,979
Capital and reserves		
Share capital	245	245
Accumulated profits	3,181	3,734
	3,426	3,979
Total assets	6,911	6,030
Total liabilities	(3,485)	(2,051)

The following discussion of our results of operations for the period under review should be read in conjunction with Appendix I and Appendix II of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward looking-statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors" of this Prospectus.

OVERVIEW

We operate a chain of restaurants in Singapore, comprising:-

(i) our "Soup Restaurant" (三盅两件) group of restaurants, where we serve traditional "Chinatown Heritage Cuisine" originated from our Managing Director, Mok Yip Peng's family recipes. As at the Latest Practicable Date, we had 14 "Soup Restaurant" outlets island-wide;

(ii) our "Kampong Days" outlet, where we serve local dishes. As at the Latest Practicable Date, we had one "Kampong Days" outlet in Causeway Point Shopping Centre, Woodlands; and

(iii) our "Dian Xiao Er" (店小二) group of restaurants, which specialises in serving herbal roasted ducks. In November 2006, we acquired our 50.98% interests in "Dian Xiao Er" through the capitalisation of an advance of S$197,000 granted to Y.E.S F&B Group in FY2004. Please refer to the section entitled "Capital Expenditures and Divestments" of this Prospectus for further information on the acquisition. As at the Latest Practicable Date, we had three outlets and one "Dian Xiao Er" food stall.

Please refer to the section entitled "Business Overview" of this Prospectus for further details of our business.

Revenue

For the period under review, our revenue was mainly derived from dine-in sales generated by our "Soup Restaurant" outlets. We set up one "Kampong Days" outlet in FY2003 and another one in FY2004. We closed one of the "Kampong Days" outlets in May 2005. Revenue generated by our "Kampong Days" outlets contributed 8.5%, 11.1%, 7.6% and 6.0% of our revenue in FY2003, FY2004, FY2005 and FP2006 respectively. We also had revenue from delivery sales but such revenue was insignificant as delivery services were provided only during festive occasions as part of our marketing strategy. We commenced the sale of bottled "Samsui Ginger Sauce" at our "Soup Restaurant" outlets in 2005. Revenue from such sales was insignificant as compared to the revenue generated from our dine-in sales. Our revenue from all sales is recognised upon acceptance of goods by our customers. With effect from 1 November 2006, we also started to derive revenue from dine-in sales generated by "Dian Xiao Er" outlets.

Our revenue may be affected by, *inter alia*, the following factors:-

(a) changes in economic conditions in Singapore, which may affect consumer sentiments and their discretionary spending;

(b) changes in consumer tastes and preferences which may result in a switch in consumers' patronage of our outlets to other cuisines;

(c) outbreak of diseases in livestock, food scares, illnesses or other health concerns relating to food products we serve at our outlets, for example, the Avian Influenza will affect the demand of our "Soup Restaurant" signature dish "Samsui Ginger Chicken";

(d) our ability to continue to provide quality food and services at competitive pricing;

(e) negative publicity (whether genuine or otherwise) concerning quality and hygiene of food served by our outlets, or other operating issues stemming from our outlets; and

(f) the number of our outlets as well as our ability to source and secure strategic locations for our outlets.

Seasonality

There is no apparent seasonal pattern in our sales during the period under review. However, we generally experience higher sales during festive seasons like Christmas and Chinese New Year.

Other income

Other income comprises mainly collaboration fee, interest income, royalty fee and exchange gain. Collaboration fee refers to income from training provided to our foreign employees under the Collaboration Agreement. Please refer to the section entitled "Staff Training" of this Prospectus for further details. Royalty fee refers to percentage income generated from our franchise operations in Indonesia, where we have granted the franchise right to our Franchisee in February 2004. Please also refer to the section entitled "History" of this Prospectus for further details of our franchise operations. Royalty fee from our Franchisee amounted to S$6,000, S$9,000 and S$18,000 for FY2004, FY2005 and FP2006 respectively. We registered other income of S$173,000, S$484,000, S$420,000 and S$167,000 which represented 1.3%, 2.9%, 2.1% and 1.1% of our revenue for FY2003, FY2004, FY2005 and FP2006 respectively.

Changes in inventories

Changes in inventories reflect the fluctuations in the balance of our inventories as at the end of the respective financial periods. We do not maintain a high level of inventories due to the nature of our business. In addition, most of our raw materials are readily available from the market and can be purchased at any time. We did not experience any significant price fluctuations in our raw materials' prices in the period under review. We registered increases of S$12,000, S$19,000, S$8,000 and S$3,000 in the closing balance of our inventories for FY2003, FY2004, FY2005 and FP2006 respectively.

Purchases and other consumables

Our purchases and other consumables comprise mainly costs of raw materials. Purchases and other consumables represented 24.4%, 24.3%, 24.2% and 23.6% of our revenue for FY2003, FY2004, FY2005 and FP2006 respectively.

Our raw materials are readily available from the market and can be purchased from various suppliers at any point in time. We generally have a minimum of two suppliers for each of our key raw materials. Please refer to the section entitled "Major Suppliers" of this Prospectus for further discussion on our suppliers. Nevertheless, our purchases may be affected by, *inter alia*, the following factors:-

(a) our ability to obtain favourable pricing from bulk procurement of raw materials from our suppliers;

(b) fluctuations in prices of raw materials;

(c) outbreak of diseases in livestock and food scares that may affect the supply and consequently the prices of our raw materials;

(d) our ability to control and reduce food wastage;

(e) climatic conditions or any natural disasters that may affect the supply and consequently the prices of our raw materials; and

(f) changes in governmental regulations that affect the prices of any of our raw materials imported from overseas.

Employee benefits expenses

Employee benefits expenses comprise mainly salaries, bonuses and CPF contributions of our directors, management and other employees as well as other related expenses, such as staff training, staff welfare and staff medical charges. Our employee benefits expenses accounted for 35.7%, 35.6%, 33.1% and 32.0% of our revenue for FY2003, FY2004, FY2005 and FP2006 respectively. Salaries, wages and bonuses of our directors and management amounted to S$664,000, S$729,000, S$893,000 and S$595,000 for FY2003, FY2004, FY2005 and FP2006 respectively. Salaries, wages and bonuses of our employees (mainly hall and kitchen staff) amounted to S$3.25 million, S$4.96 million, S$5.57 million and S$4.04 million for FY2003, FY2004, FY2005 and FP2006 respectively. Our employee benefits expenses depend largely on the number of outlets we have. Please refer to the sections entitled "History" and "Employees" of this Prospectus for further details on the number of our outlets and our employees (including temporary employees).

Depreciation of plant and equipment

Depreciation of plant and equipment refers to depreciation of air-conditioners, computer, electrical equipment, furniture and fittings, kitchen equipment, motor vehicles, office equipment and renovation. Depreciation of plant and equipment amounted to S$304,000, S$458,000, S$736,000 and S$578,000 in FY2003, FY2004, FY2005 and FP2006 respectively.

Other expenses

Other expenses accounted for 29.1%, 34.0%, 31.9% and 29.1% of our revenue for FY2003, FY2004, FY2005 and FP2006 respectively. These expenses are as follows:-

	◄ As a percentage of other expenses ►			
	FY2003	**FY2004**	**FY2005**	**FP2006**
Operating lease expenses	50.1	51.3	51.8	54.6
Utilities	18.6	16.5	17.0	19.0
Cleaning and kitchen related expenses	10.6	11.6	11.7	13.6
Others	20.7	20.6	19.5	12.8
	100.0	100.0	100.0	100.0

All our premises (including our Food Processing Facility) are leased from third parties on terms of between one and three years. Details of our leased premises are set out in the section entitled "Properties and Fixed Assets" of this Prospectus.

Cleaning and kitchen related expenses comprise mainly cleaning expenses, packing materials and other related kitchen expenses.

Others comprise professional fees (incurred for the design of new outlets), credit card commissions, license fees, telecommunication charges, travelling expenses, insurance expenses, allowance for doubtful trade receivables, plant and equipment written off and other office expenses.

Finance costs

Finance costs comprise interest charges on finance lease payables and utilised banking facilities. Finance costs amounted to S$1,000, S$9,000, S$5,000 and S$1,000 for FY2003, FY2004, FY2005 and FP2006 respectively. The higher finance costs in FY2004 were due mainly to bank loan drawn down to finance the opening of new outlets in FY2004.

Income tax

The corporate tax rates applicable to our Group (being all Singapore companies) for FY2003, FY2004 and FY2005 were 22%, 20% and 20% respectively. The effective tax rates of our Group for FY2003, FY2004 and FY2005 were 22.4%, 20.9% and 26.1% respectively. The higher effective tax rate of our Group for FY2005 was mainly attributable to under-provision for deferred tax in prior years.

REVIEW OF RESULTS OF OPERATIONS

FY2003 vs FY2004

Revenue

Our revenue increased by S$3.37 million (or 25.0%) from S$13.48 million in FY2003 to S$16.85 million in FY2004. In FY2004, we had two "Kampong Days" outlets as compared to one in FY2003 (then known as "Kampong Kitchen"). Revenue from our "Kampong Days" outlets increased by 63.1% from FY2003 to FY2004. In addition, our two "Soup Restaurant" outlets opened in February and September 2003 registered full year sales in FY2004, representing a 48.16% increase as compared to the revenue generated by the two outlets in FY2003. We also registered revenue from a new "Soup Restaurant" outlet at Changi Airport which opened in August 2004. We also saw an overall increase in revenue from our other existing outlets. This could be attributable to the lower revenue registered in the first half of FY2003 with the outbreak of SARS.

Other income

Other income increased by S$311,000 (or 180.2%) from S$173,000 in FY2003 to S$484,000 in FY2004. This was due mainly to the increase in collaboration fee from S$156,000 in FY2003 to S$329,000 in FY2004 as the number of our kitchen crew under the Collaboration Agreement increased from 21 to 31 with the increase in number of our outlets. Please refer to the section entitled "Staff Training" of this Prospectus for further details of the Collaboration Agreement and the structure of the collaboration fee. We also had a one-off franchise fee of S$60,000 in FY2004 from the Franchisee as we granted them the franchise right to set up franchise operations in Java and Bali under the name and style of "Soup Restaurant" in February 2004. We also recognised annual royalty fee from the Franchisee in FY2004. The amount recognised was insignificant. In addition, we had an exchange gain of S$50,000 from a fixed deposit denominated in foreign currency and interest income of S$37,000 from the fixed deposit in FY2004.

Purchases and other consumables

Purchases and other consumables increased by S$0.79 million (or 24.1%) from S$3.30 million in FY2003 to S$4.09 million in FY2004. Our purchases and other consumables, as a percentage of our revenue, amounted to 24.4% and 24.3% for FY2003 and FY2004 respectively. We did not experience any significant price fluctuations in our raw materials prices in FY2003 and FY2004 which materially changed the composition of raw material costs in our purchases and other consumables.

Employee benefits expenses

Employee benefits expenses increased by S$1.18 million (or 24.5%) from S$4.82 million in FY2003 to S$6.00 million in FY2004. The increase can be attributed mainly to the additional staff engaged for our expansion. We increased the headcount for our corporate head office and our operational staff by four and 44 respectively in FY2004.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by S$154,000 (or 50.8%) from S$304,000 in FY2003 to S$458,000 in FY2004. The increase was mainly attributed to additions (of S$1.46 million) to plant and equipment in FY2004 as well as the full year depreciation on additional plant and equipment acquired in FY2003.

Other expenses

This analysis should be read in conjunction of the breakdown of our other expenses set out on page 48 of this Prospectus. Other expenses increased by S$1.81 million (or 46.0%) from S$3.93 million in FY2003 to S$5.73 million in FY2004. The increase was mainly brought about by an increase in our operating lease expenses and utilities mainly from the two new outlets opened in FY2004 and the full year expenses of the two new outlets opened in FY2003. In particular, operating lease expenses, as a percentage of our revenue, increased by 2.9 percentage points, from 14.6% in FY2003 to 17.5% in

FY2004. This higher operating lease expenses were mainly due to the general increase in the rental rates of Singapore retail space in FY2004 when the economy recovered from the downturn brought about by the outbreak of SARS in FY2003. We also made allowance for doubtful trade receivables and loss on disposal of plant and equipment of S$127,000 and S$76,000 respectively in FY2004. We do not provide credit terms to our customers. However, we had allowance for doubtful trade receivables in FY2004 due to a promotional arrangement with a dining voucher company which was subsequently subject to judicial management order in FY2005.

Finance costs

Our finance costs increased from S$1,000 in FY2003 to S$9,000 in FY2004. This increase was due mainly to a bank loan drawn down to finance the opening of new outlets in FY2004.

Profit before income tax

We registered a decrease in our profit before income tax in FY2004 despite having an increase in our revenue from FY2003 to FY2004. Our profit before income tax reduced by S$0.26 million (or 19.7%) from S$1.32 million in FY2003 to S$1.06 million in FY2004. This lower profit before income tax was mainly due to the higher percentage increase (as compared to our revenue) of our depreciation of plant and equipment as well as other expenses in FY2004 as explained in the paragraphs above. As a result, our profit before income tax margin decreased by 3.5 percentage points from 9.8% in FY2003 to 6.3% in FY2004.

FY2004 vs FY2005

Revenue

Our revenue increased by S$3.11 million (or 18.5%) from S$16.85 million in FY2004 to S$19.96 million in FY2005. This increase was mainly attributed to the opening of a new "Soup Restaurant" outlet at Century Square in January 2005. In addition, our "Kampong Days" outlet and our "Soup Restaurant" outlet which opened in April and August 2004 respectively, registered full year sales in FY2005, representing a 100.5% increase as compared to the revenue generated by the two outlets in FY2004. However, this increase in revenue was offset by a 18.7% decrease in revenue generated by our "Kampong Days" outlets with the closure of one of its outlets at Suntec City Mall in May 2005.

Other income

Other income decreased by S$64,000 from S$484,000 in FY2004 to S$420,000 in FY2005. This was mainly attributable to the franchise fee of S$60,000 and an exchange gain of S$50,000, both of which were registered in FY2004 and did not occur in FY2005. Such decrease in other income was partially offset by a higher collaboration fee of S$386,000 in FY2005 as compared to S$329,000 in FY2004 as we provided full year training to kitchen crew recruited for the three outlets mentioned above.

Purchases and other consumables

Purchases and other consumables increased by S$0.74 million (or 18.1%) from S$4.09 million in FY2004 to S$4.83 million in FY2005, in tandem with our increased revenue. Our purchases and other consumables, as a percentage of our revenue, amounted to 24.3% and 24.2% for FY2004 and FY2005 respectively. We did not experience any significant price fluctuations in our raw materials prices in FY2004 and FY2005 which materially changed the composition of raw material costs in our purchases and other consumables.

Employee benefits expenses

Employee benefits expenses increased by S$0.60 million (or 10.0%) from S$6.00 million in FY2004 to S$6.60 million. The increase can be attributed mainly to the full year employee benefits expenses incurred for the new outlets opened in April 2004, August 2004 and January 2005.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by S$278,000 (or 60.7%) from S$458,000 in FY2004 to S$736,000 in FY2005. The increase was mainly attributed to the full year depreciation of plant and equipment purchased for the new outlets opened in April 2004, August 2004 and January 2005.

Other expenses

This analysis should be read in conjunction with the breakdown of our other expenses set out on page 48 of this Prospectus. Other expenses increased by S$0.64 million (or 11.0%) from S$5.73 million in FY2004 to S$6.37 million in FY2005. This increase was mainly due to the full year operating lease expenses and utilities of our new outlets opened in April 2004, August 2004 and January 2005 which accounted for 28.4% of the increase. In addition, we had written off plant and equipment of S$190,000 in FY2005 with the closure of a "Kampong Days" outlet in May 2005 and made an allowance for a full amount of the loan of S$144,000 (including a S$120,000 convertible loan) extended to our Franchisee in FY2005. Due to the uncertain prospects of the first Indonesian franchise outlet then, we made an allowance for the full amount of the loan in FY2005.

Finance costs

Our finance costs decreased from S$9,000 in FY2004 to S$5,000 in FY2005. The decrease was due mainly to lower interest expenses from the repayment of a bank loan drawn down in FY2004.

Profit before income tax

As a result of the lower percentage increase in our employee benefits expenses and other expenses as compared to the percentage increase in our revenue as explained above, our profit before income tax improved from S$1.06 million in FY2004 to S$1.86 million in FY2005. As a result, our profit before income tax margin improved by 3.0 percentage points from 6.3% in FY2004 to 9.3% in FY2005.

FP2005 vs FP2006

Revenue

Our revenue increased by S$0.35 million (or 2.4%) from S$14.86 million in FP2005 to S$15.21 million in FP2006. This increase was mainly attributed to a new "Soup Restaurant" outlet at Hougang Mall in July 2006.

Other income

Other income decreased by S$170,000 (or 50.4%) from S$337,000 in FP2005 to S$167,000 in FP2006. The decrease was because of the lower collaboration fee registered of S$85,000 in FP2006 as compared to S$311,000 in FP2005 as a substantial number of the kitchen crew under the Collaboration Agreement achieved the training objectives in FP2006.

Purchases and other consumables

Purchases and other consumables decreased by S$23,000 (or 0.6%) from S$3.62 million in FP2005 to S$3.59 million in FP2006. Our purchases and other consumables, as a percentage of our revenue, amounted to 24.3% and 23.6% for FP2005 and FP2006 respectively. The lower percentage was mainly due to better bargaining power in negotiating the prices of raw materials in FP2006 (in line with larger volume purchases as we opened more outlets) and less wastage of raw materials (as more kitchen crew achieved the training objectives and are capable of handling raw materials more efficiently). There is no assurance that we will be able to maintain such bargaining power for our future purchases of raw materials. Please also refer to the risk factors entitled "We will be affected by any outbreak of diseases in livestock or food scares" and "We are susceptible to changes in the costs of raw materials and our business may be affected by the shortage of supply of raw materials" of this Prospectus for factors that will affect our purchases and other consumables.

Employee benefits expenses

Employee benefits expenses decreased by S$0.16 million (or 3.2%) from S$5.03 million in FP2005 to S$4.87 million in FP2006. The decrease was mainly due to the recruitment of new employees at lower wages to replace those that had left in FP2006.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by S$20,000 (or 3.5%) from S$558,000 in FP2005 to S$578,000 in FP2006. The increase was mainly attributed to the full period depreciation (in FP2006) for plant and equipment purchased for the new outlet opened in January 2005 and depreciation for additional plant and equipment purchased for the new outlet opened in July 2006.

Other expenses

Other expenses decreased by S$0.53 million (or 10.7%) from S$4.96 million in FP2005 to S$4.43 million in FP2006. The decrease was mainly due to operating lease expenses which did not occur in FP2005 with the closure of a "Kampong Days" outlet in May 2005. This decrease was offset by an increase in operating lease expenses for the new "Soup Restaurant" outlet opened in July 2006. In addition, we had allowance for doubtful receivables of S$178,000 in FP2005 which did not occur in FP2006. This allowance comprised an allowance of S$34,000 for the dining voucher company and the loan of S$144,000 to our Indonesian franchisee as mentioned previously.

Finance costs

Our finance costs decreased from S$5,000 in FP2005 to S$1,000 in FP2006 as we repaid a bank loan in FP2005.

Profit before income tax

With a higher revenue but lower purchases and other consumables, employee benefits expenses and other expenses (mainly from the closure of a loss-making "Kampong Days" outlet in May 2005), our profit before income tax improved by S$0.88 million (or 85.4%) from S$1.03 million in FP2005 to S$1.90 million in FP2006. As a result, our profit before income tax margin improved by 5.6 percentage points from 6.9% in FP2005 to 12.5% in FP2006.

REVIEW OF FINANCIAL POSITION

Current assets

Current assets consist of inventories, trade and other receivables, current income tax recoverable, fixed deposit with a bank, and cash and bank balances.

Inventories comprise raw materials such as abalone and dry scallops. We do not keep a high inventory of raw materials as most of them are readily available from the market and can be purchased at any time. We had inventories of S$39,000 (or 0.8%) and S$42,000 (or 1.0%) of our total current assets as at 31 December 2005 and 30 September 2006 respectively.

Trade and other receivables consist mainly of trade receivables, deposits, prepayments and other receivables as follows:-

S$'000	As at 31 December 2005	As at 30 September 2006
Trade receivables (net of allowance for doubtful receivables)	149	148
Other receivables	34	45
Deposits	946	1,013
Loans to business associates (net of allowance for doubtful receivables)	116	116
Prepaid listing expenses	–	208
Prepayments	52	34
	1,297	1,564

Trade receivables remained relatively unchanged as at 31 December 2005 and 30 September 2006 and relate mainly to amount due from credit card companies. Deposits, comprising mainly up to three-month rental deposits for our outlets, amounted to S$946,000 (or 19.2% of our total current assets) and S$1.01 million (or 24.9% of our total current assets) as at 31 December 2005 and 30 September 2006 respectively. Other receivables (mainly loans granted to business associates) and prepayments (for insurance and licences) were S$202,000 and S$403,000 as at 31 December 2005 and 30 September 2006 respectively. Loans to business associates relate to working capital loans granted by our Group to Y.E.S F&B Group and the Franchisee. We granted a working capital loan of S$170,000 to Y.E.S F&B Group in FY2005. The outstanding amount due from Y.E.S F&B Group amounted to S$116,000 as at 31 December 2005 and was fully repaid in FP2006. We granted a working capital loan of S$24,000 and S$116,000 to the Franchisee in FY2005 and FP2006 respectively. As mentioned in the section entitled "FY2004 vs FY2005 – Other Expenses" of this Prospectus, we have made allowance for the S$24,000 working capital loan granted to the Franchisee in FY2005 due to the uncertain prospects of the first Indonesian franchise outlet then. As the business of the Franchisee improved (as seen from the increasing royalty fee income received in FY2004, FY2005 and FP2006), we extended an additional working capital of S$116,000 (representing 6.10% of our Group's profit before income tax) to the Franchisee in FP2006. The S$116,000 working capital loan (or 2.91% of our Group's NAV) granted to the Franchisee in FP2006 remained outstanding as at 30 September 2006. Our Group has received partial payment of S$25,000 for the working capital loans granted to the Franchisee. However, we have not written back the allowance made. Our Group will take Financial Reporting Standard ("FRS") 39 into consideration to fair value the working capital loan at the end of our financial reporting period.

Current income tax recoverable amounted to S$65,000 and S$46,000 as at 31 December 2005 and 30 September 2006 respectively. This relates to tax deducted at source from dividends declared and paid by our subsidiaries which is recoverable under Section 44 of the Income Tax Act (Chapter 134) of Singapore.

As at 31 December 2005 and 30 September 2006, our balance sheet had cash and cash equivalents of S$3.52 million and S$2.42 million respectively comprising mainly cash and bank balances of S$2.51 million and S$2.42 million respectively. We also had fixed deposit with a bank of S$1.01 million (or 20.5% of our total current assets) as at 31 December 2005. We had utilised the fixed deposit to settle an amount due to our Shareholders (including our Directors and Controlling Shareholders) in FP2006. Please refer to the section entitled "Past Interested Person Transactions" of this Prospectus for details of the amount due to our Directors and Controlling Shareholders.

Non-current assets

Non-current assets comprise plant and equipment and investments available-for-sale.

Our plant and equipment comprise air-conditioners, computer, electrical equipment, furniture and fittings, kitchen equipment, motor vehicles, office equipment and renovation. As at 31 December 2005, we had plant and equipment of S$1.80 million. As at 30 September 2006, the carrying value of our plant and equipment was S$1.76 million. We had additional plant and equipment (net of disposal) of S$538,000 in FP2006. The increase was however set off against depreciation of S$578,000 in FP2006 resulting in a lower carrying value of our plant and equipment as at 30 September 2006.

Investments available-for-sale refer to convertible loans granted to our business associates. In FY2005, we granted a convertible loan of S$120,000 to our Franchisee for an option to convert the said loan to up to 30% of the issued and paid-up capital of the Franchisee. Please refer to the section entitled "Group Structure" of this Prospectus for further details. Due to the uncertain prospects of the first Indonesian outlet then, we made full allowance of the said convertible loan in FY2005. As at 31 December 2005 and 30 September 2006, investments available-for-sale refer to a convertible loan of S$197,000 granted to Y.E.S F&B Group in FY2004. There was no change in the value of the loan as at 31 December 2005 and 30 September 2006. We exercised our rights under the convertible loan agreement and acquired 50.98% equity interests in Y.E.S F&B Group by the capitalisation of the convertible loan in November 2006.

Current liabilities

Current liabilities comprise trade and other payables, finance lease payables, provisions and current income tax payable.

Trade and other payables amounted to S$2.72 million (or 83.7% of total current liabilities) and S$1.35 million (or 74.2% of total current liabilities) as at 31 December 2005 and 30 September 2006 as follows:-

S$'000	As at 31 December 2005	As at 30 September 2006
Trade payables	605	527
Other payables	234	194
Deferred income	45	30
Accrued operating expenses	757	521
Unutilised annual leave	81	81
Amounts due to Shareholders	1,000	Not meaningful
	2,722	1,353

Trade payables are mainly amounts due to our suppliers of raw materials. Other payables include mainly accrued operating expenses, provision for unutilised leave and amount due to Shareholders (including our Directors and Controlling Shareholders). Please refer to the section entitled "Past Interested Person Transactions" of this Prospectus for details of the amount due to our Directors and Controlling Shareholders.

Finance lease payables relate to the current portion of the finance lease taken for a delivery van. The amount remained unchanged at S$7,000 as at 31 December 2005 and 30 September 2006.

Provisions relate to the provision of restoration cost to yield up the demised premises of our outlets to the original conditions (as at the date we took possession) should the lease not be renewed upon expiry. Provisions amounted to S$165,000 and S$178,000 as at 31 December 2005 and 30 September 2006 respectively.

Current income tax payable amounted to S$358,000 and S$285,000 as at 31 December 2005 and 30 September 2006 respectively. The decrease arises from the lower income tax generated for nine months in FP2006 as compared to 12 months in FY2005.

Non-current liabilities

Our non-current liabilities comprise finance lease payables and deferred tax liabilities. Finance lease payables relate to a finance lease taken for a delivery van and amounted to S$29,000 and S$23,000 as at 31 December 2005 and 30 September 2006 respectively. Deferred tax liabilities remained fairly the same at S$204,000 as at 31 December 2005 and S$205,000 at 30 September 2006.

Shareholders' equity

Shareholders' equity comprises share capital and accumulated profits. Our share capital remained unchanged at S$245,000 as at 31 December 2005 and 30 September 2006. We had accumulated profits of S$3.18 million and S$3.73 million as at 31 December 2005 and 30 September 2006 respectively. The increase was due to profit after income tax of S$1.55 million registered in FP2006, set off by dividends declared and paid of S$1.00 million in FP2006.

LIQUIDITY AND CAPITAL RESOURCES

We finance our growth through the use of internal and external sources of funds. Our internal sources of funds are derived from net cash generated from our operating activities. Our external sources of funds comprise mainly advances from our Shareholders, finance leases from financial institutions and credits from our suppliers. Please refer to the section entitled "Interested Person Transactions" of this Prospectus for interest-free advances from our Controlling Shareholders in the period under review. We do not intend to obtain any further advances from our Directors or Controlling Shareholders after the admission of our Company to the Official List of the SGX-SESDAQ. Nevertheless, we do not expect such change to adversely increase our borrowing and interest costs, especially for the next two financial years.

As at 31 December 2005, we had total outstanding finance lease payables of S$36,000 relating to a finance lease taken for a delivery van. The interest rate of the finance lease was 3.3% per annum and the finance lease will expire in December 2010. As at 30 September 2006, we had total outstanding finance lease payables of S$30,000 relating to the balance finance lease taken for the delivery van. There is no change to the interest rate per annum and expiry date.

To the best of our Directors' knowledge, we are not in breach of the terms and conditions or covenants associated with the above finance lease which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

As at the Latest Practicable Date, we had cash and bank balances of approximately S$2.65 million. Our Directors believe that, as at the date of lodgement of this Prospectus, the cash flows from operations and our cash and bank balances will be sufficient for us to meet our present working capital requirements.

A brief summary of our consolidated cash flow statements is set out below:-

S$'000	**FY2003** (restated)	**FY2004** (restated)	**FY2005**	**FP2006**
Net cash from operating activities	1,486	1,402	3,809	442
Net cash used in investing activities	(1,117)	(1,607)	(207)	(536)
Net cash used in financing activities	(11)	(413)	(2,140)	not meaningful
Net change in cash and cash equivalents	358	(618)	1,462	(94)
Cash and cash equivalents at beginning of financial year/period	1,308	1,666	1,048	2,510
Cash and cash equivalents at end of financial year/period	1,666	1,048	2,510	2,416

FY2003

In FY2003, net cash generated from operating activities before working capital changes was S$1.64 million. In FY2003, we registered cash outflow aggregating S$447,000, comprising mainly:-

(a) an increase in inventories of S$12,000;

(b) an increase in trade and other receivables of $318,000 mainly due to additional deposits made for the new outlets opened in FY2003 as well as higher outstanding collaboration fee as at 31 December 2003; and

(c) income tax paid of S$116,000.

After setting off with cash inflow from an increase in trade and other payables of S$290,000 and interest received of S$2,000, our net cash from operating activities was S$1.49 million in FY2003.

In FY2003, net cash used in investing activities amounted to S$1.12 million mainly due to the purchase of new plant and equipment for the new outlets.

In FY2003, net cash used in financing activities amounted to S$11,000 for repayment of finance lease obligations.

FY2004

In FY2004, net cash generated from operating activities before working capital changes was S$1.69 million. In FY2004, we registered cash outflow aggregating S$0.88 million, comprising mainly:-

(a) an increase in inventories of S$19,000;

(b) an increase in trade and other receivables of S$421,000 comprising:-

  (i) higher deposits made for our existing outlets as well as additional deposits made for the two new outlets opened in FY2004; and

  (ii) increase in trade receivables from credit card companies; and

(c) income tax paid of S$427,000.

After setting off with cash inflow from an increase in trade and other payables of S$546,000 and net interest received of S$30,000, the net cash generated from operating activities in FY2004 was approximately S$1.40 million.

In FY2004, net cash used in investing activities amounted to S$1.61 million mainly due to the purchase of plant and equipment for the new outlets.

In FY2004, we registered cash outflow in financing activities from a fixed deposit pledged of S$1.10 million. We also declared and paid dividends of S$49,000 and repaid finance lease obligations of S$24,000. This was offset by cash inflow from the proceeds from the bank loan amounted to S$756,000. As a result, net cash used in financing activities amounted to S$0.41 million in FY2004.

FY2005

In FY2005, net cash generated from operating activities before working capital changes was S$2.98 million. In FY2005, we registered cash outflow aggregating S$222,000, comprising mainly:-

(a) an increase in inventories of S$8,000;

(b) an increase in trade and other receivables of S$38,000 due mainly to an increase in amount due from credit card companies; and

(c) income tax paid of S$171,000.

After setting off with cash inflow from an increase in trade and other payables of S$1.03 million (due mainly to a cash inflow of S$1.00 million from amount due to Shareholders (including our Directors and Controlling Shareholders), please refer to the section entitled "Past Interested Person Transactions" of this Prospectus for details of the amount due to our Directors and Controlling Shareholders) and net interest received of S$17,000, our net cash from operating activities in FY2005 was approximately S$3.81 million.

Net cash used in investing activities was S$207,000 in FY2005. This was due to the purchase of plant and equipment of S$121,000 for our new outlets, offset by proceeds from disposal of plant and equipment of S$34,000. We had also granted a convertible loan of S$120,000 to our Franchisee.

In FY2005, net cash outflow used in financing activities was S$2.14 million. This was due mainly to S$1.5 million dividends declared and paid, repayment of bank loan of S$756,000 and repayment of finance lease obligations of S$14,000.

FP2006

For FP2006, our net cash generated from operating activities before working capital changes was S$2.47 million. In FP2006, we registered cash outflow aggregating S$2.05 million, comprising mainly:-

(a) an increase in inventories of S$3,000;

(b) an increase in trade and other receivables of S$268,000 due mainly to prepaid listing expenses;

(c) a decrease in trade and other payables of S$1.37 million mainly due to repayment of amount due to Shareholders (including our Directors and Controlling Shareholders). Please refer to the section entitled "Past Interested Person Transactions" of this Prospectus for details of the amount due to our Directors and Controlling Shareholders; and

(d) income tax paid of S$404,000.

After setting off with cash inflow from net interest received of S$16,000, our net cash from operating activities for FP2006 was approximately S$442,000.

Net cash used in investing activities was S$536,000 in FP2006 mainly due to the purchase of plant and equipment for the new outlets.

In FP2006, we registered net cash inflow of approximately S$1.01 million as we retired a fixed deposit with a bank. We had net cash outflow of S$1.00 million due to dividends declared and paid. After offsetting repayment of finance lease obligations of S$5,000, our net cash from financing activities in FP2006 was insignificant.

CAPITAL EXPENDITURES AND DIVESTMENTS

The material capital expenditure and divestment of our Group for FY2003, FY2004, FY2005, FP2006 and for the period from 1 October 2006 to the Latest Practicable Date are as follows:-

Acquisition [(1)]

S$'000	FY2003	FY2004	FY2005	FP2006	1 October 2006 to the Latest Practicable Date
Air-conditioners	88	115	35	49	90
Computer	67	29	8	5	32
Electrical equipment	94	112	31	41	96
Furniture and fittings	122	267	9	104	121
Kitchen equipment	334	268	27	73	225
Motor vehicles	62	49	–	28	–
Office equipment	16	6	3	2	12
Renovation	380	614	173	251	562
Total	1,163	1,460	286	553	1,138

Divestment [(1)]

S$'000	FY2003	FY2004	FY2005	FP2006	1 October 2006 to the Latest Practicable Date
Air-conditioners	–	30	41	–	–
Computer	–	8	3	–	–
Electrical equipment	–	46	5	–	–
Furniture and fittings	–	44	10	–	–
Kitchen equipment	–	112	20	–	7
Motor vehicles	–	–	–	15	–
Office equipment	–	5	1	–	–
Renovation	–	216	–	–	–
Total	–	461	80	15	7

Note:-

(1) This relates to the cost of plant and equipment acquired/disposed during the respective financial years/periods.

Our Group also had the following acquisition and/or divestment of capital investments in the last three financial years ended 31 December 2005 and up to the Latest Practicable Date:-

(a) December 2003 – Acquired 100% equity interests in Soup Restaurant Investments for S$2.00 from Then Khek Koon (our Non-Executive Director) and Pang Cheng Jin @ Cen You Hao (our Substantial Shareholder). Please refer to the section entitled "Past Interested Person Transactions" of this Prospectus for further details;

(b) December 2003 – Made a deposit of S$40,000 to Y.E.S F&B Group based on a share subscription agreement to acquire 39.39% equity interests in Y.E.S F&B Group;

(c) December 2004 – Investments via provision of convertible loan of S$197,000 (including the S$40,000 deposit previously made) to Y.E.S F&B Group, for an option to acquire up to 51% equity interests in Y.E.S F&B Group, which superseded the share subscription agreement mentioned above;

(d) July 2005 – Investments via provision of convertible loan (agreement dated 14 February 2004) of S$120,000 to the Franchisee, for an option to acquire up to 30% equity interests in the Franchisee. We made full allowance for the loan in FY2005; and

(e) November 2006 – Acquisition of 50.98% equity interests in Y.E.S F&B Group by capitalisation of the convertible loan of S$197,000 granted to Y.E.S F&B Group in FY2004 as mentioned above. The acquisition of the 50.98% equity interests in Y.E.S F&B Group does not have any material impact to our financial performance and position. The profit before income tax of Y.E.S F&B Group for FY2005 and FP2006 amounted to less than 10% of our Group's profit before income tax for each of the respective periods; and the NAV of Y.E.S F&B Group as at 31 December 2005 and as at 30 September 2006 amounted to less than 10% of our Group's NAV as at each of the respective balance sheet dates.

Save as disclosed above, we did not have any other material expenditure or divestment of capital investment (including any interest in another corporation) in the last three financial years ended 31 December 2005 and up to the Latest Practicable Date.

HISTORY

Our Company was incorporated on 20 July 1991 under the Companies Act as an exempt private company, under the name of "Soup Restaurant Pte Ltd". On 26 March 2007, we converted into to a public limited company and changed our name to "Soup Restaurant Group Limited".

Our origins may be traced to 1991 when our first outlet was established in Smith Street. Our founders, Mok Yip Peng, Wong Wei Teck, Wong Chi Keong and Ho Hong Chin observed a surge in the popularity of Herbal Soups in Hong Kong, with the emergence of restaurants specialising in Herbal Soups. Inspired by this development, our founders were of the view that there would be a demand in Singapore for Herbal Soups and home-cooked dishes, especially by young professionals with limited access to home-cooked food.

The first "Soup Restaurant" outlet was conceptualised as a niche restaurant focusing mainly on Herbal Soups and home-cooked dishes. It commenced business on 15 September 1991 at 25 Smith Street occupying the ground level of a shophouse, with a small floor area of 691 sq ft. Our focus on nutritious Herbal Soups served at reasonable prices soon attracted more customers and, after a year, we expanded our leased area to 2,314 sq ft.

In 1994, Mr Mok, drawing from his Cantonese upbringing in Chinatown, introduced a series of Cantonese based home-cooked dishes which we termed "Chinatown Heritage Cuisine" (牛车水家乡菜). Culled from Mr Mok's family recipes and his Chinatown heritage, these dishes with their origins harking back to old Chinatown in the 1950s were designed to evoke a nostalgia for nutritious home-cooked food. The dishes were well-received, with our "Samsui Ginger Chicken" (三水姜茸鸡) becoming an instant hit and has since become one of our signature dishes.

Encouraged by the success of our first outlet in Chinatown, we expanded our operations into the city and suburban areas. In December 1997, we set up and commenced business at our second outlet at 39 Seah Street which has a floor area of 1,466 sq ft.

In December 1998, we set up our third outlet in Causeway Point Shopping Centre. This was our first attempt to launch our business in a shopping mall. We improved our operational systems and enhanced our efficiency and services in order to capitalise on the rapid flow of human traffic. We also enhanced our concept and image to provide a casual dining ambience at our outlet to attract especially younger generations serving nutritious, home-cooked Cantonese dishes in an efficient manner at competitive prices.

In the following years from 1999 to 2003, we consecutively set up outlets in Jurong Point Shopping Centre, Suntec City Mall, United Square Shopping Mall, Compass Point Shopping Centre, DFS Galleria Scottswalk and Paragon.

In February 2001, to complement our "Chinatown Heritage Cuisine", we introduced a series of home-cooked local dishes under our new "Kampong Kitchen" outlet at Yio Chu Kang Stadium. The said outlet was relocated to Causeway Point Shopping Centre and was renamed as "Kampong Days" in April 2004.

As our operations continued to grow and in order to meet the rising demand, we set up a Food Processing Facility and shifted our corporate head office to the present premises at 171 Kampong Ampat, #03-11 KA FoodLink in March 2003. The Food Processing Facility occupies a total floor area of approximately 4,693 sq ft. This also prepared us to cope with our future expansion plans.

On 14 February 2004, our Group entered into a letter of intent with the Franchisee in Jakarta, Indonesia to set up franchise operations in Java and Bali under the name and style of "Soup Restaurant". As at the Latest Practicable Date, the Franchisee was operating one franchise outlet in Jakarta.

In September 2004, we set up another "Kampong Days" outlet at Suntec City Mall but ceased operations of the said outlet in May 2005 as the business was not profitable.

In the same year, we opened a "Soup Restaurant" outlet in Changi Airport Terminal Two to reach out to international travellers.

As at the Latest Practicable Date, we had 18 outlets in Singapore, one foodcourt stall and one franchise outlet in Indonesia. Our outlets in Singapore are as follows:-

Outlets	Date of Commencement
Soup Restaurant	
Smith Street	15 September 1991
Seah Street	22 December 1997
Causeway Point Shopping Centre	12 December 1998
Jurong Point Shopping Centre	10 December 1999
Suntec City Mall	9 June 2000
United Square Shopping Mall	29 July 2002
Compass Point Shopping Centre	17 September 2002
DFS Galleria Scottswalk	4 February 2003
Paragon	18 September 2003
Changi Airport Terminal Two	21 August 2004
Century Square	17 January 2005
Hougang Mall	21 July 2006
The Centrepoint	25 December 2006
AMK Hub	26 February 2007
Kampong Days	
Causeway Point Shopping Centre	8 April 2004
Dian Xiao Er	
NTUC Hougang Mall (foodcourt stall)	19 December 2003
Marina Square Shopping Mall	5 June 2005
VivoCity	17 October 2006
AMK Hub	3 March 2007

On 1 November 2006, we acquired 208,000 new ordinary shares of Y.E.S F&B Group at an issue price of S$0.95 each, representing 50.98% equity interests of Y.E.S F&B Group. Y.E.S F&B Group was founded by Yik Kuen Koon and his spouse, Eliza Gunawan. Y.E.S F&B Group operates another chain of restaurants under the name and style of "Dian Xiao Er". The first outlet of "Dian Xiao Er" was opened in 2002 in Chinatown. Due to the outbreak of SARS and the Avian Influenza in 2003 and 2004, the business did not perform to expectation. However, our Executive Directors believed that the prospects of "Dian Xiao Er" outlets to be good and our Group extended loans (convertible and working capital loans) to Y.E.S F&B Group since FY2003. The business of "Dian Xiao Er" started to perform in FY2005, after opening a new outlet in June 2005. On 1 November 2006, we capitalised the S$197,000 convertible loan granted to Y.E.S F&B Group and acquired 50.98% equity interests in Y.E.S F&B Group. The purpose of this acquisition is to expand our business operations and explore further business opportunities. "Dian Xiao Er" offers a range of Chinese cuisines specialising in herbal roasted ducks.

BUSINESS OVERVIEW

We operate a chain of restaurant outlets under the name of “Soup Restaurant” (三盅两件), “Kampong Days” and “Dian Xiao Er” (店小二) in Singapore. As at the Latest Practicable Date, we had 18 outlets island-wide.

Soup Restaurant (三盅两件)

Under the name and style of “Soup Restaurant”, our outlets serve traditional “Chinatown Heritage Cuisine” originating from our Managing Director, Mok Yip Peng’s family recipes. Our signature dishes include “Samsui Ginger Chicken” (三水姜茸鸡), “Ah Por Fan Shu Leaves” (阿婆蕃薯叶), “Ah Kon Fan Shu Leaves” (阿公蕃薯叶), “Beggar Bowl Tofu” (砵仔豆腐) and various Herbal Soups such as “Double Boiled Dried Scallop with Black Chicken Soup” (瑶柱淮杞炖黑鸡汤), “Double Boiled Waisan & Ginseng Root Chicken Soup” (淮山杞子参须炖鸡汤) and others. As at the Latest Practicable Date, we had 14 “Soup Restaurant” outlets island-wide.

Kampong Days

Currently, we have one “Kampong Days” outlet in Causeway Point Shopping Centre, Woodlands. The outlet serves a variety of home-cooked local dishes.

Dian Xiao Er (店小二)

In November 2006, we acquired 50.98% equity interests in Y.E.S F&B Group with the capitalisation of a loan to Y.E.S F&B Group as mentioned in the section entitled “History” of this Prospectus. Y.E.S F&B Group operates three “Dian Xiao Er” outlets in Marina Square, VivoCity and AMK Hub which specialises in serving herbal roasted ducks. The signature dishes are “Herbal Roasted Duck with Angelica Herb” (当归烤鸭), “Herbal Roasted Duck with Ten Wonder Herb” (十全烤鸭) and “Herbal Roasted Duck with Wild Ginseng” (泡参烤鸭).

We believe that we have, through our 16 years of operational history, established recognition in the food and beverage industry. We place emphasis in serving quality dishes at affordable prices and providing customers with efficient and friendly services. Our core values in managing and operating our business are as follows:-

- **Nutritious Cuisine and Unique Ambience**

  We serve traditional “Chinatown Heritage Cuisine” originated from our Managing Director, Mok Yip Peng’s family recipes. We focus on simple yet delicious recipes and maintain a unique ambience at each outlet that evokes nostalgic memories.

- **Competitive Prices**

  We maintain reasonable prices in order to stay competitive against other restaurants.

- **Convenient Location and Friendly Services**

  We operate mainly in shopping malls to capitalise on the rapid flow of human traffic. We generate policies and systems and train our staff to serve our customers with good and friendly services.

- **Hygiene and Cleanliness**

  We place strong emphasis on the quality of our food, products and services and have established and implemented a quality assurance system to maintain and control the hygiene and cleanliness of our food, products and outlets. 13 of our outlets have been graded “A” from the relevant regulatory authority. Please refer to the section entitled “Government Regulations” of this Prospectus for further details.

QUALITY ASSURANCE

Our Board of Directors recognises the importance of hygiene and cleanliness in the food and beverage industry, and we place strong emphasis on the quality of our food, products and services.

Apart from our own efforts, we engage third parties to assist us in improving our quality assurance system from time to time. For example, in 2002, we engaged PSB to conduct a product and process improvement of the "Samsui Ginger Sauce" which is used in our signature dish, "Samsui Ginger Chicken". PSB conducted trials to modify the processing method and recommended measures to store and improve the shelf life of the sauce.

We established a Food Processing Facility at 171 Kampong Ampat, #03-11 KA FoodLink in 2003 in order to ensure consistent quality of our dishes and to support our outlet operations. We process our main sauces at our Food Processing Facility such as our "Samsui Ginger Sauce" and sambal chilli sauce as well as semi-processed food, namely pork ribs and pork patties.

We also implement stringent quality control in terms of hygiene and cleanliness of our Food Processing Facility. In August 2005, we obtained a Certificate of Registration from PSB for the establishment of our food safety system in processing pork patties which is implemented according to international standards governed by the Hazard Analysis of Critical Control Points ("HACCP") system. This system strives to maintain a consistent and high standard of hygienic and safe pork patty processing process. We have applied the same standards to all our food preparation processes and our Executive Officer, Chan Chee Hung (Chen Zhiheng), oversees the quality assurance, hygiene and cleanliness system in our food preparation processes at our Food Processing Facility.

Incoming Raw Materials Quality Control

We implement an internal control system to select our suppliers in terms of three main factors: quality, timely delivery and price. As part of our selection process, we will visit the origin of our main sources of key raw materials, such as the chicken and fish farms.

Further, we implement a standard operational procedure to document and monitor the freshness and quality of our raw materials. We assign selected authorised personnel from our Food Processing Facility and our outlets to receive raw materials. These authorised personnel are responsible for ensuring the freshness of the raw materials and for cross-checking the received goods with the delivery orders. Our chefs are then responsible for counter-checking the quality of raw materials and will generally oversee the proper storage of raw materials. These operational procedures are documented and are subject to internal audits conducted by our quality assurance team.

In Process Quality Control

We have working instructions for our main dishes to ensure consistency in the taste, quality and presentation of our dishes. Our Executive Officer, Ng Eng Chyuan, oversees the kitchen management for all our outlets. Further, our chef in each outlet is required to comply with strict adherence to our internal control procedures for the preparation of all dishes as well as for the training and organisation of our kitchen crew from the respective outlet.

We have a three-member quality assurance team that will conduct random inspections on all of our outlets on a fortnightly basis in accordance with our internal guidelines and procedures. These random inspections focus on various key areas, including but not limited to the following:-

- personal hygiene of chefs and kitchen crews, as well as the waiters and waitresses to ensure that they are properly attired and presentable before any preparation and provision of food and services;
- visual inspections of the cleanliness of our utensils, outlets, kitchens and Food Production Facility;
- sampling finished food items to ascertain that the taste, quality and presentation are of consistent standard; and
- conducting on-the-spot staff performance assessments on the quality and efficiency of their food preparation and services.

Further, we provide feedback forms to our customers in each outlet and our quality assurance team reviews the feedback and reports to our management immediately if there is any issue or deterioration in the quality of our food and services for necessary rectification.

MAJOR CUSTOMERS

Our customers are mainly the public. None of our customers accounted for 5% or more of our revenue for each of the past three financial years and FP2006.

Majority of our sales are transacted on a cash basis. Less than 1.0% of our revenue in the period under review is on credit terms. Credit terms of between seven and 30 days are granted to three groups of customers, namely credit cards companies, tour companies and the Franchisee (who purchases the main sauces for the preparation of the dishes from our Group).

As at the Latest Practicable Date, our business or profitability is not materially dependent on any industrial, commercial or financial contract (including a contract with a customer).

MAJOR SUPPLIERS

The following table sets forth our major suppliers which accounted for 5% or more of our purchases for each of the last three financial years and FP2006:-

		As a percentage of our purchases and other consumables			
Name of suppliers	**Materials supplied**	**FY2003**	**FY2004**	**FY2005**	**FP2006**
Tan Chu Seng Supplies	Vegetables	16.5	16.0	16.0	14.1
De Cheng Xin Xing Trading Pte Ltd	Dried goods	10.2	10.6	8.3	8.3
Kee Song Brothers Poultry Industries Pte Ltd	Poultry	8.0	8.4	8.6	7.0
Chop Soon Kee	Meat	7.0	7.7	6.5	5.9
Joo Leng Aquarium & Seafood	Seafood	13.5	7.3	4.4	5.6
Rui Zhong Poultry Suppliers	Poultry	–	–	–	5.6
Lim Cheong Fatt Poultry Supply	Poultry	11.0	9.3	13.0	5.0
Ee Bock Tong	Meat	2.2	4.5	5.6	3.4
Jurong Frog Farm	Seafood	6.8	4.0	2.4	2.8
Yeo Aquarium Enterprises	Seafood	0.8	5.3	3.2	1.2

We select our suppliers based on factors such as quality, timely delivery and prices granted to us.

Our suppliers generally transact with us on cash terms or on credit terms of up to 30 days. Our average trade payables' turnover for each of the last three financial years and FP2006 are as follows:-

	FY2003	**FY2004**	**FY2005**	**FP2006**[(2)]
Number of days[(1)]	35	40	41	42

Notes:-

(1) Average trade payables' turnover = (Average trade payables/Purchase and other consumables) x 365 days

(2) Pro-rated for 270 days

None of our Directors or Substantial Shareholders has any interest, direct or indirect, in any of the major suppliers mentioned above.

As at the Latest Practicable Date, our business or profitability is not materially dependent on any industrial, commercial or financial contract (including a contract with a supplier).

INVENTORY MANAGEMENT

We do not keep any inventory at our outlets as they are readily available from the market and can be purchased at any time. The inventories at our Food Processing Facility comprise raw materials such as abalone and dry scallops.

We did not write off any inventories due to obsolescence in the period under review.

Our average inventories' turnover for each of the last three financial years and FP2006 are as follows:-

	FY2003	FY2004	FY2005	FP2006[2]
Number of days[1]	1	1	2	4

Notes:-

(1) Average inventories' turnover = (Average inventories/Purchases and other consumables) x 365 days

(2) Pro-rated for 270 days

SALES AND MARKETING

In general, we rely on word-of-mouth to generate and expand our business and operations. We carry out promotional activities during festive and special occasions, such as Chinese New Year, Mothers' Day and Valentine's Day to encourage patronage.

INSURANCE

We have insurance policies covering losses due to fire, theft, loss of money, as well as public liability insurance (which covers accidental injury arising from our ordinary course of business in Singapore).

We have also insured our staff with workmen's compensation insurance and maintain a group personal accident insurance for our Executive Directors, namely Mok Yip Peng and Wong Wei Teck.

Our Directors believe that these insurance policies are adequate for the operations of our Group.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group has registered the following trademarks in connection with our business:-

Trademark	Class	Place of Registration	Validity Period
三盅兩件	42[3]	Singapore	19 December 1991 to 19 December 2011
《三盅兩件》 SOUP RESTAURANT	35[2] and 43[4]	Singapore	22 December 2003 to 22 December 2013
三 盅 兩 件	35[2] and 43[4]	Singapore	22 December 2003 to 22 December 2013
三 水 姜 茸 鸡	29[1]	Singapore	22 December 2003 to 22 December 2013
SAMSUI GINGER CHICKEN	29[1]	Singapore	22 December 2003 to 22 December 2013
SOUP RESTAURANT	43[4]	Singapore	22 December 2003 to 22 December 2013
《三盅兩件》 SOUP RESTAURANT	35[2] and 43[4]	Indonesia	22 July 2004 to 22 July 2014

Further, our Group has, as at the Latest Practicable Date, applied for registration of the following trademarks, the registration status of which is still pending:-

Trademark	Class	Country	Date of Application
SOUP RESTAURANT	35[2]	Singapore	22 December 2003

We are not aware of any reason that may result in the trademark not being registered.

Notes:-

(1) Class 29 is applicable to chicken, chicken breast meat containing a brie-based filing and coated in breadcrumbs, chicken extracts, chicken flavouring, chicken pieces, cooked chicken, deep frozen chicken, dehydrated chicken, dehydrated chicken broth, fresh chicken portions packaged together with dips, fried chicken, pieces of chicken for use as a filing in sandwiches, powdered chicken, prepared meals consisting wholly or substantially wholly of chicken and prepared meals containing (principally) chicken.

(2) Class 35 is applicable for administration of the business affairs of franchises, advisory services relating to publicity for franchises, business assistance relating to the establishment of franchises, business consultation services relating to franchising, business advisory services relating to franchising, business advisory services relating to the running of restaurants, business advisory services relating to the setting up of restaurants, franchising consultancy services, provision of assistance (business) in the operation of franchises.

(3) Class 42 is applicable to restaurant services.

(4) Class 43 is applicable to catering services provided for restaurants, provision of information relating to restaurants, restaurant services and restaurants.

No patent has been registered by our Group. Our Group is not aware of any infringement of the proprietary rights as set out above.

Save as disclosed above, our business or profitability is not materially dependent on any trademark, patent or licence.

GOVERNMENT REGULATIONS

Currently, our Group is principally engaged in the business of operating a chain of restaurants and the following licences are essential for our business operations:-

Types of License / Permits	Authority	Nature	Expiry Date
Licence to Operate a Meat or Fish Processing Establishment or Coldstore	AVA	The licence is for the purposes of cutting and packing fish and meat.	28 February 2008
Licence for Import, Export and Transhipment of Fresh Fruits and Vegetables	AVA	The licence is for the purposes of importing, exporting or transhiping fresh fruits and vegetables subject to, *inter alia*, obtaining a permit from the Director-General, Agri-Food and Veterinary Services for the import, export or transhipment of each consignment of fresh fruits and vegetables.	31 January 2008
Licence for Import, Export and Transhipment of Meat Products and Fish Products	AVA	The licence is for the purposes of importing, exporting or transhiping meat product and fish products subject to *inter alia*, obtaining a permit from the Director-General, Agri-Food and Veterinary Services for the import, export or transhipment of each consignment of meat products and fish products.	31 October 2007
Factory Permit	Ministry of Manpower	Registration of our Food Processing Facility for food processing and manufacturing in pursuance of the Workplace Safety and Health (Registration of Factories) Regulations.	30 June 2007

Apart from the above, we have obtained foodshop licences, electrical installation licences and liquor licences, where applicable, for our outlets from the NEA, the Energy Market Authority and the Liquor Licensing Board of the Singapore Police Force respectively.

We comply with the food safety and hygiene standards governed by the AVA for our Food Processing Facility and those governed by the NEA for our outlets and we have not experienced any difficulties in obtaining and maintaining all our licences, permits or approvals. Further, the NEA conducts inspections of our outlets, assess and grade our standard of cleanliness, food safety and food hygiene pursuant to a grading scheme. There are four grades from “A” to “D” in descending order of merit under the grading scheme. As at the date of this Prospectus, 13 of our outlets have been graded an “A” rating from the NEA. In this regard, five of our outlets, namely our “Dian Xiao Er” outlets in VivoCity and AMK Hub, our “Soup Restaurant” outlets in AMK Hub and the Centrepoint and our “Kampong Days” outlet at Causeway Point have not been assessed by the NEA.

The above licences, permits and gradings are usually granted for a period from one to two years and are renewable at the discretion of the relevant authorities subject to compliance with the relevant terms and conditions applicable. The relevant authorities have the right to suspend, revoke or cancel any of the licences if there is a breach of the relevant regulations. Except for the electrical installation licences, the "Licence to Operate a Meat or Fish Processing Establishment or Coldstore" and the grading of our outlets by the NEA, all our licences and permits are renewed automatically by the relevant authorities about two weeks prior to the date of expiry of the licence or permit. We would usually apply to the relevant authorities for the renewal of the expiring electrical installation licences about two to four weeks prior the date of expiry. The "Licence to Operate a Meat or Fish Processing Establishment or Coldstore" and NEA grading of outlets are subject to inspection before automatic renewal. The relevant authorities will generally renew the licences, permits and gradings as long as we have complied with the relevant applicable terms and conditions of the licences, permits and gradings.

We have obtained all requisite approvals, and are in compliance with laws and regulations, that would materially affect our business operations.

Saved as disclosed above, our business or profitability is not dependent on any other licence and we do not require any other governmental licences, permits or approvals in respect of our operations apart from those pertaining to general business registration requirements.

STAFF TRAINING

As our business is largely service-oriented, staff training is essential to our business and we place emphasis in maintaining the quality of our food and services in each of our outlets through (amongst others) the training and supervision of our employees.

Internal Trainings

All our new employees, whether managerial or operational, will have to undergo an orientation programme. The orientation programme includes briefings on our Group's profile and organisation structure, our core values and objectives as well as our operational system and general terms and policies of employment.

We have adopted the Singapore Workforce Skills Qualification ("WSQ") System developed by the Singapore Workforce Development Agency ("WDA"), for a well-structured in-house training infrastructure and career progression path for our staff. The WSQ system comprises a qualification framework which recognises skill training. In order to encourage companies and organisations to build up their in-house training capabilities and adopt the WSQ framework, the WDA provides financial grants under a "Can-Do Scheme", subject to certain terms and conditions. On 18 August 2006, the WDA agreed to award our Company a total grant of S$20,000 under the "Can-Do Scheme", the amount of which shall be released upon our Company meeting certain objectives. In summary, these objectives are (1) organisational accreditation; (2) WSQ course accreditation for at least two in-house courses (covering seven competency units under the food and beverage WSQ framework); and (3) an advanced certificate to be obtained by in-house trainers in conducting training and assessment courses.

Our Company was awarded the organisational accreditation under the WSQ system on 15 May 2006. In addition, some of our staff have attended and obtained the "WSQ - Advanced Certificate in Training and Assessment". As at the Latest Practicable Date, six of our staff are certified trainer cum assessor and seven of our staff have been qualified as in-house assessors under the WSQ system. We have received a total grant of S$10,000 under the "Can-Do Scheme" as at the Latest Practicable Date.

We intend to meet the WSQ course accreditation for the "Can-Do Scheme" by August 2007. With the above participation, our Directors believe that our internal trainings are able to train and promote our staff with the requisite skills and knowledge based on the WSQ standards in order to ensure consistency and quality of our food preparation and services.

In addition to the above, we have entered into a Collaboration Agreement with Carer Manpower Services Pte Ltd ("Carer") on 2 January 2003 as an agent to source for kitchen crew from overseas, mainly from the People's Republic of China. In the event the kitchen crew sourced by Carer does not meet the requirements set by our Group, our Group has the liberty to provide the appropriate training to the kitchen crew to meet our Group's needs. To cover the costs of the training of the kitchen crew provided (such as the time cost of training, the cost of external trainers (if engaged), materials (manuals/instructions) provided and other training expenses such as the use of training facilities and other administrative expenses), Carer agrees to pay our Group a collaboration fee. Pursuant to the Collaboration Agreement, collaboration fees are paid on a fixed fee range for each kitchen crew based on the particular position of each kitchen crew (from junior to senior level). The total collaboration fee as a percentage to our total revenue for FY2003, FY2004, FY2005 and FP2006 were approximately 1.15%, 1.95%, 1.93% and 0.56% respectively. The collaboration fee does not fluctuate in proportion to the number of kitchen crew under training as it is dependent on the particular position of the kitchen crew employed.

External Trainings

We send selected employees, based on the results of their annual assessments and reviews, for external courses to enhance their standards of skills and services and at the same time motivate our employees. Such external courses include specialised courses organised by the Restaurant Association of Singapore such as basic food hygiene courses, food and beverage cost control courses, restaurant service etiquette courses and others.

The amount of expenditure incurred in relation to staff training for the past three financial years and FP2006 as a percentage of our revenue was insignificant.

COMPETITION

The food and beverage industry in Singapore is competitive and fragmented with relatively low barriers of entry. Restaurants are continuously reinventing their menus, competing for strategic locations and revising their pricing. We serve mainly "Chinatown Heritage Cuisine" and compete with restaurants serving other cuisines such as Cantonese, Teochew, Hokkien, Japanese, Indian, Thai and Western restaurants in the mid-priced market segment. Most of our outlets are located in complexes and malls and we compete mainly with other restaurants which are in close proximity to our outlets.

Our outlets cater mainly to the public looking for nutritious, good quality food and services at affordable prices. Due to the large number of restaurants in Singapore, we are not able to estimate our market share. To our best knowledge, there is no publicly available industry information on our market share and industry ranking.

COMPETITIVE STRENGTHS

Our competitive strengths are as follows:-

We are a niche player serving home-cooked and traditional dishes

Most of our dishes originated from our Managing Director, Mok Yip Peng's family recipes and are distinctive and traditional. We aim to offer our customers delectable cuisines that are prepared in home-cooked style. In particular, our Herbal Soups and our signature dish, "Samsui Ginger Chicken" are prepared according to ingredients and cooking methods that originated from Mr Mok's family recipes.

We have working instructions for our main dishes to maintain consistency in the taste, quality and presentation of our dishes. In addition, we comply strictly with our internal control procedures in our food preparation process to preserve the distinctive and traditional quality of our dishes.

We have good operational systems to ensure quality food and good customer services

We place strong emphasis on the quality of our food, products and services. We have implemented internal control systems in the selection of our suppliers to ensure freshness of our raw materials and in our dish preparation process to ensure consistent quality. In August 2005, we obtained a Certificate of Registration from PSB for the establishment of our food safety system in the processing of pork patties which is implemented according to international standards governed by the Hazard Analysis of Critical Control Points ("HACCP") system. This system strives to maintain a consistent and high standard of hygienic and safe pork patty processing process. We apply the same standards to all our food preparation process, and our Executive Officer, Chan Chee Hung (Chen Zhiheng), oversees the quality assurance and hygiene and cleanliness system in our food preparation process at our Food Processing Facility.

We provide in-house trainings and courses to our staff to enhance their standards of skills and services. We have adopted the Singapore Workforce Skills Qualification ("WSQ") System for a well-structured in-house training infrastructure and administration system to train our staff. We have a quality assurance team that conducts random inspections on all of our outlets to ensure the quality of our food, products and services.

Our outlets are easily accessible and strategically located

As at the Latest Practicable Date, 16 out of our 18 outlets are located in complexes or malls which are easily accessible by the public. Further, our outlets are strategically located in different parts of Singapore. This allows us to reach out to a wider base of customers and encourage repeat visits.

We capitalise on our management's experience and expertise

Our senior management is headed by our Executive Directors, Mok Yip Peng and Wong Wei Teck. On average, our Executive Directors have over 11 years of experience in the food and beverage industry. Please refer to the section entitled "Directors, Management and Staff" of this Prospectus for further details of our Executive Directors.

We have an established brand name

We are one of the leading restaurants in Singapore serving "Chinatown Heritage Cuisine". With over 16 years of experience in the business, we have established our brand name in Singapore and we believe, with our continued efforts to maintain the quality and standard of our food, products and services, we will be able to strengthen this brand name.

PROPERTIES AND FIXED ASSETS

Our Group does not own any properties. Currently, we rent the following properties:-

Location	Area (sq ft)	Use of property	Lease period[(1)]	Lessor
Food Processing Facility				
171 Kampong Ampat #03-11 KA FoodLink Singapore 368330	4,693	Food Processing Facility / Corporate head office	3 years from 1 February 2006	JTC Corporation
Soup Restaurant				
25 and 25A Smith Street Singapore 058939	2,314	Restaurant	2 years from 1 June 2005	United Premas Limited
39 Seah Street Singapore 188395	1,466	Restaurant	1 year from 1 January 2007	Acres Ventures Pte Ltd
1 Woodlands Square #03-01 Causeway Point Singapore 738099	2,077	Restaurant	3 years from 8 January 2007	Frasers Centrepoint Trust
1 Jurong West Central 2 #02-33 Jurong Point Shopping Centre Singapore 648886	2,164	Restaurant	3 years from 10 December 2005	Jurong Point Realty Limited
3 Temasek Boulevard #B1-059 Suntec City Mall Singapore 038983	2,368	Restaurant	1 year from 15 March 2007	Suntec Food & Leisure Pte Ltd
101 Thomson Road #B1-10 United Square Singapore 307591	1,260	Restaurant	3 years from 27 July 2005	UOL Property Investments Pte Ltd

Location	Area (sq ft)	Use of property	Lease period[1]	Lessor
1 Sengkang Square #03-16/17 Compass Point Shopping Centre Singapore 545078	1,894	Restaurant	3 years from 1 August 2005	North I Pte. Ltd.
25 Scotts Road #02-01 DFS Scottswalk Singapore 228220	4,300	Restaurant	3 years from 6 January 2006	GPS Online Pte Ltd
290 Orchard Road #B1-44 Paragon Singapore 238859	1,711	Restaurant	3 years from 1 September 2006	Orchard 290 Ltd
Terminal 2 Singapore Changi Airport #036-086 Viewing Mall North 3rd Level Singapore 918141	2,761	Restaurant	3 years from 5 April 2007	Civil Aviation Authority of Singapore
2, Tampines Central 5, #B1-01/12/13 Century Square Shopping Centre Singapore 529509	1,841	Restaurant	3 years from 31 December 2004	Century Square Holding Pte. Ltd.
90 Hougang Avenue 10 #02-21 Hougang Mall Singapore 538766	1,518	Restaurant	3 years from 27 July 2006	ARMF (Hougang Mall) Pte. Ltd.
176 Orchard Road #B2-110/111/112/113 The Centrepoint Singapore 238843	1,475	Restaurant	3 years from 18 December 2006	The Management Corporation Strata Title Plan No. 1298 The Centrepoint
53 Ang Mo Kio Avenue 3[2][3] #B2-01/02 AMK Hub Singapore 569933	1,845	Restaurant	3 years from 7 January 2007	NTUC Income Insurance Co-operative Ltd, NTUC Fairprice Co-operative Ltd and SLF AMK Pte Ltd
Kampong Days				
1 Woodlands Square #03-02 Causeway Point Singapore 738099	2,039	Restaurant	3 years from 8 January 2007	Frasers Centrepoint Trust
Dian Xiao Er				
90 Hougang Avenue 10 #05-06 NTUC Hougang Mall Singapore 538766	350	Food stall	19 December 2003 to 30 September 2007	Food Chain Management Pte Ltd
6 Raffles Boulevard #02-203/4 Marina Square Singapore 039594	1,511	Restaurant	3 years from 22 May 2005	Marina Centre Holding Private Limited
1 Harbourfront Walk[4] #02-138 VivoCity Singapore 098585	2,800	Restaurant	3 years from 5 April 2006	VivoCity Pte Ltd
53 Ang Mo Kio Avenue 3[2][3] #B2-01/02 AMK Hub Singapore 569933	1,845	Restaurant	3 years from 7 January 2007	NTUC Income Insurance Co-operative Ltd, NTUC Fairprice Co-operative Ltd and SLF AMK Pte Ltd

Notes:-

(1) We generally commence negotiations of new leases about six months prior to the expiry of the existing leases. The new lease agreements are usually signed within one month of the expiry of the existing leases.

(2) The lease area is combined from 3,400 sq ft (for #B2-01) and 290 sq ft (for #B2-02) and is still subject to final survey by the landlords' surveyor. As the premises are used by our "Soup Restaurant" and "Dian Xiao Er" outlets, the total lease area (as well as the operating lease expenses and utilities) is arbitrarily split by half.

(3) There has been no lease agreement entered. The parties have signed a letter of offer and a letter of acceptance for the leases dated 6 November 2006 and 21 November 2006 respectively. The letter of offer provides that the landlord and tenant shall agree that all the undertakings, stipulations, terms and conditions of lease shall apply and be binding as between the landlord and tenant as though the provisions of the lease have been incorporated in the letter of offer.

(4) The lease area is still subject to final survey by landlord as VivoCity was newly established on 1 December 2006. There has been no lease agreement entered until the completion of the said final survey. The parties have signed a letter of offer for the lease dated 5 April 2006. The letter of offer provides that upon the landlord's approval, the development manager, CapitaLand Retail Pte Ltd, shall notify the tenant in writing and the letter of offer with the tenant's acceptance shall form a binding agreement to lease the said premises on the terms contained therein.

Save for our "Soup Restaurant" outlet at Suntec City Mall which contributed about 16.1% of our revenue in FY2003, none of the above outlets accounted for more than 15% of our revenue in the period under review.

Our plant and equipment comprise air-conditioners, computer, electrical equipment, furniture and fittings, kitchen equipment, motor vehicles, office equipment and renovation which had an aggregate net book value of approximately $1.76 million as at 30 September 2006.

Save as disclosed in the section entitled "Government Regulations" of this Prospectus, to the best of our Directors' knowledge and belief, there are no regulatory requirements or environmental issues that may materially affect our Group's utilisation of tangible fixed assets.

PROSPECTS

Our Directors believe that the following will contribute to our growth:-

(a) Singapore as a Tourist and Business Hub

Singapore has become a vital tourist and business hub. According to the Singapore Tourism Board, in the first half of 2006, visitor arrivals reached 4.7 million, an 11.8% growth over the same period last year. The Singapore government has announced a slew of initiatives to rejuvenate Orchard Road, Singapore's prime shopping district. Accompanied by the development of the integrated resorts and the efforts of the Singapore government to build up Singapore as a meetings, conventions and exhibitions hub, our Directors believe that the continuous flow of tourist and business travellers to Singapore will benefit our outlets which are located in high tourist concentrated areas such as Suntec City Mall, Paragon, Changi Airport Terminal Two, Marina Square and VivoCity. In addition, our Directors believe that our menu of traditional "Chinatown Heritage Cuisine", herbal roasted ducks and the quaint design of our outlets will make us more attractive to foreigners visiting Singapore.

(b) Health Conscious Consumers

Through efforts of the government and a general trend of health consciousness, Singaporeans are paying more attention to nutrition and healthy lifestyles. Our Directors believe that the nutritious and wholesome image of our home-cooked dishes and Herbal Soups will grow in popularity.

(c) Regional Consumers

Our Directors believe that our Group has established a strong foothold in Singapore. As the market size of the Singapore food and beverage industry is limited, our Directors believe that one of the future growth areas of our Group will be regional expansion. We have identified neighbouring countries such as Indonesia and Malaysia as viable options, as we share similar cultures and food preferences, and the raw materials required for our dishes can be obtained easily.

TREND INFORMATION

For the current financial year up to the Latest Practicable Date, we have not made material changes to the selling prices of the food and beverages served at our outlets. We also did not experience any material fluctuations in the prices of our raw materials.

We have the following recent business developments which may have an impact on our performance for FY2007:-

(a) On 1 November 2006, we acquired 50.98% equity interests in Y.E.S F&B Group pursuant to the exercise of our rights under the convertible loan granted to Y.E.S F&B Group in FY2004. Further details of Y.E.S F&B Group can be found in the sections entitled "History" and "Business Overview" of this Prospectus;

(b) Since 1 January 2007, we have opened two new outlets (namely a "Soup Restaurant" outlet and a "Dian Xiao Er" outlet, both at AMK Hub);

(c) Leases for three of our outlets have been renewed at a higher rental in FY2007;

(d) We will cease our "Kampong Days" outlet operations in the first half of 2007 and convert the said outlet to a "Dian Xiao Er" outlet; and

(e) We do not intend to renew the leases at 25 and 25A Smith Street and at 90 Hougang Avenue 10 #05-06 upon the expiry of the existing lease on 31 May 2007 and 30 September 2007 respectively in order to maintain our core values of creating a unique ambience for our customers and locating our outlets in shopping malls to capitalise on the rapid flow of human traffic. To the best of our knowledge and belief, the closure is not likely to have any material impact on our financial performance.

We have also observed the following trends which may have an impact on our performance for FY2007:-

(a) The operating environment of our Group will remain competitive as more restaurants with concepts and scale similar to ours targeting the same customer groups enters the market while cost of operations continue to increase due to increasing rental rates and utility charges as well as higher employee benefits expenses brought about by the shortage of manpower; and

(b) The goods and services tax increment from 5% to 7% may encourage more consumer spending prior to its official effective date followed by a slow down in consumer spendings in the first few months of the increment. As our outlets in shopping malls are dependent on the human traffic of the malls, an increase or decrease in consumer spendings may affect the number of patrons to our outlets in shopping malls. The effect of such increment, however, should stabilise after the consumers adjust to the increment.

Save as disclosed above and in the section entitled "Risk Factors" of this Prospectus, and barring any unforeseen circumstances, our Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

Due to the nature of our business, we do not maintain an order book.

FUTURE PLANS AND BUSINESS STRATEGIES

We intend to implement the following future plans and business strategies:-

Establish new outlets in Singapore

As at the Latest Practicable Date, we had 14 outlets under the name of "Soup Restaurant" and three outlets under the name of "Dian Xiao Er" across Singapore. We intend to increase the number of outlets to reach out to a wider customer base. Subject to the condition of Singapore's economy, the availability of strategic locations, terms and conditions of the leases, as well as our financial position, we intend to open two outlets in the next two financial years.

Regional business expansion

We intend to expand our business operations regionally through direct investments, joint ventures and/or franchising. Where opportunities arise, we will consider setting up on our own, enter into joint ventures and/or establish franchise arrangements with suitable parties who are more familiar with the business risks and other associated factors in the countries. As at Latest Practicable Date, we had a Franchisee operating one franchised outlet in Jakarta.

Refurbishments of our outlets and facilities

We intend to refurbish and upgrade our existing outlets, where necessary, in order to provide a better dining atmosphere and environment for our customers. We also intend to upgrade our facilities and equipment to improve our operational efficiency. We have set aside S$500,000 from the proceeds raised from the Invitation for such purposes.

We intend to expand our business through acquisitions, joint ventures or strategic alliances

We plan to expand our business through acquisitions, joint ventures or strategic alliances with parties who can strengthen our market position, add value to our existing business, as well as enable us to expand into new food related businesses. To date, we have not identified any potential party to acquire its business or to form joint ventures or strategic alliance with. Should the opportunity arise, we will seek approval, where necessary, from our Shareholders and the relevant authorities as required by the relevant law and regulations.

Save as disclosed below, none of our Directors, Controlling Shareholders or their respective Associates was or is interested in any material transaction undertaken by our Group in the period under review and for the period from 1 October 2006 up to the Latest Practicable Date.

PAST INTERESTED PERSON TRANSACTIONS

Lease of Property from Seah Street Centre Pte Ltd ("Seah Street Centre")

Our Controlling Shareholder, Wong Chi Keong and Toh Kian Khim (the spouse of our Managing Director, Mok Yip Peng) are the shareholders of E-Plus Development Pte Ltd ("E-plus"). Each of them owns 12% equity interests in the share capital of E-plus. Further, our Non-Executive Director, Then Khek Koon, owns 32% equity interests in the share capital of E-plus. E-plus in turn, owns 50% equity interests in Seah Street Centre. Mr Wong and Mr Then were directors of Seah Street Centre.

Our subsidiary, Soup Restaurant (Seah Street) had entered into a lease with Seah Street Centre for the lease of outlet premises at 39 Seah Street for the period from December 1997 to July 2003. The aggregate lease paid in FY2003 amounted to S$45,000. This transaction was entered into on normal commercial terms and on arm's length basis as the rental was based on the then prevailing market rental rates for similar premises. Seah Street Centre disposed of the premises in July 2003 and subsequently we renewed our lease with the new landlord who is an unrelated third party.

Reward and Measurement Consultancy Services provided by Thng Cheo Yan ("Mdm Thng")

Mdm Thng is the spouse of our Executive Director, Wong Wei Teck.

Our Group engaged Mdm Thng to provide reward and measurement consultancy services to our Group for the period between 1 October 2000 and 31 December 2003. The aggregate consultancy services fee paid to Mdm Thng in FY2003 was S$49,000. Under the agreement, a consultancy fee of S$3,900 was charged by Mdm Thng for the purposes of the preparation and implementation of the reward and measurement systems. Subsequently, a fixed consultation fee of S$2,900 per month and an additional S$500 for each outlet was paid to Mdm Thng. Our Directors believe that the transaction was entered into on normal commercial terms and at arm's length basis.

We do not intend to enter into such transactions after the admission of our Company to the Official List of the SGX-SESDAQ.

Acquisition of Soup Restaurant Investments from Then Khek Koon (our Non-Executive Director) and Pang Cheng Jin @ Cen You Hao (our Substantial Shareholder)

In December 2003, our Company acquired 100% equity interests in Soup Restaurant Investments for S$2 from Then Khek Koon (our Non-Executive Director) and Pang Cheng Jin @ Cen You Hao (our Substantial Shareholder). Soup Restaurant Investments had net liabilities of S$11,000 at the time of acquisition (of which S$50,000 were advances granted by our Group to Soup Restaurant Investments for its incorporation and statutory compliance expenses). Accordingly, our Directors believe that the acquisition was on normal commercial terms and at arm's length basis.

Quality Assurance System Training Services provided by Wong Vincent

Wong Vincent is the brother of our Executive Director, Wong Wei Teck.

Our Company engaged Wong Vincent to provide training on quality assurance systems for the period from 1 February 2005 to 31 March 2005. The aggregate fee paid for the services was a nominal amount of $1,000. Accordingly, our Directors believe that the transaction was not on normal commercial terms and not at arm's length basis.

We do not intend to enter into such transactions after the admission of our Company to the Official List of the SGX-SESDAQ.

Advances from our Directors to our Company

Our Directors, Mok Yip Peng, Wong Wei Teck and Then Khek Koon, extended in aggregate advances of S$595,000 to our Company for working capital purposes in FY2005. The advances were unsecured with no fixed term of repayment and no interest was charged to our Company for the said advances. As such, the advances are not deemed to have been concluded at arm's length basis. The advances were fully repaid to our Directors in August 2006. As at the Latest Practicable Date, no outstanding amount is due to our Directors. We do not intend to obtain any further advances from our Directors after the admission of our Company to the Official List of the SGX-SESDAQ.

Advances from our Controlling Shareholders to our Company

Our Controlling Shareholders, Wong Chi Keong and Pang Cheng Jin @ Cen You Hao, extended in aggregate advances of S$330,000 to our Company for working capital purposes in FY2005. The advances were unsecured with no fixed term of repayment and no interest was charged to our Company for the said advances. As such, the transactions were not deemed to have been concluded at arm's length basis. The advances were fully repaid in August 2006. As at the Latest Practicable Date, no outstanding amount is due to Mr Wong and Mr Pang. We do not intend to obtain any further advances from Mr Wong and Mr Pang after the admission of our Company to the Official List of the SGX-SESDAQ.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

Personal Guarantees for Operating Leases provided by our Executive Directors

Our Executive Directors, Mok Yip Peng and Wong Wei Teck, and our Controlling Shareholder, Wong Chi Keong, have provided personal guarantees to ECICS Limited for a banker's guarantee in favour of the Civil Aviation Authority of Singapore for an amount of S$97,000 as security deposit for the lease of premises at Changi Airport Terminal Two. The guarantee period is from 5 April 2004 to 4 October 2007. As no consideration was paid to the said Directors, this transaction was not considered to be entered into at arm's length basis.

Upon the admission of our Company on the Official List of the SGX-SESDAQ, we intend to request for the discharge of the above guarantees provided by our Directors and replace them with a corporate guarantee provided by our Company. Our Directors do not expect the revised terms and conditions of the facility, if any following the discharge of the guarantees and the replacement by a corporate guarantee provided by us, to have any adverse impact on our Group. In the event that the financial institution does not agree to release the guarantees, our Directors will not withdraw or revoke the personal guarantees provided by them.

Personal Guarantee for a Motor Vehicle provided by our Executive Director

Our Executive Director, Wong Wei Teck, has provided a personal guarantee for the amount of S$51,000 to GE Money Private Limited pursuant to a hire purchase agreement of a motor vehicle of our Group. As at the Latest Practicable Date, the total outstanding amount under the hire purchase agreement is S$33,000. The guarantee was for a period of six years from 3 January 2005. As no consideration was paid to Mr Wong, this transaction was not considered to be entered into at arm's length basis.

Upon the admission of our Company on the Official List of the SGX-SESDAQ, we intend to request for the discharge of the above guarantee provided by our Director and replace it with corporate guarantee provided by our Company. Our Directors do not expect the revised terms and conditions of the facility, if any following the discharge of the guarantee and the replacement by corporate guarantees provided by us, to have any adverse impact on our Group. In the event that the financial institution do not agree to release the guarantee, our Director will not withdraw or revoke the personal guarantee provided by him.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

Our Group will implement the following procedures for the identification of interested persons and the recording of interested person transactions:-

(a) Our Company will maintain a list of interested persons (which is to be updated immediately if there are any changes) and disclose the list to relevant key personnel of each subsidiary to enable the identification of interested persons. The master list of interested persons shall be reviewed at least half-yearly or when there are any changes to the list (whichever is the shorter period), by our Audit Committee and maintained by our Senior Manager, Finance (each of whom shall not be an interested person); and

(b) Our Company will maintain a register of transactions carried out with all interested persons (including those transactions below S$100,000 and recording the basis, including the comparable quotations obtained (if available) to support such basis on which they are entered into).

Our Audit Committee will adopt the following procedures when reviewing interested person transactions:-

(a) When purchasing items from or engaging the services of an interested person, two other quotations from non-interested persons will be obtained for comparison, to ensure that the interests of minority Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration; and

(b) When renting properties from or to an interested person, our Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant inquiries.

All future interested person transactions will be properly documented and submitted to our Audit Committee for periodic review. Our Audit Committee will review all interested person transactions, if any, at least half-yearly to ensure that they are conducted at arm's length basis in accordance with the review procedures outlined above, and that the transactions are not prejudicial to the interests of our Shareholders. Furthermore, our Audit Committee will review the above guidelines and procedures to ensure that they remain effective and relevant to our Group. At our Audit Committee's discretion, our Company shall engage an independent professional services firm to review all interested person transactions, including the procedures for reviewing interested person transactions. In the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from reviewing and voting that particular transaction.

Our Audit Committee and our Board of Directors will also review internal controls relating to future interested person transactions of our Group and will include such review as part of the standard procedures during the Audit Committee's examination of the adequacy of our Company's internal controls. Our Directors and the Audit Committee will ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, Chapter 9 of the Listing Manual and applicable financial reporting standards, are complied with. In addition, such transactions will also be subject to Shareholders' approval, if required under Chapter 9 of the Listing Manual.

Currently, we have not sought and we do not intend to seek a Shareholders' mandate for interested person transactions. We will comply with the provisions of Chapter 9 of the Listing Manual in respect of all future interested person transactions. Our Board of Directors will also ensure compliance with all disclosure requirements on interested person transactions, including those of prevailing legislation and applicable standards.

POTENTIAL CONFLICTS OF INTEREST

None of our Directors, Controlling Shareholders or any of their Associates has an interest, direct or indirect:-

(a) in any transaction to which our Group was or is to be a party;

(b) in any entity carrying on the same business or dealing in similar services as our Group; and

(c) in any enterprise or company that is our Group's customer or supplier of goods and services.

Save as disclosed in the section entitled "Present and On-going Interested Person Transactions" of this Prospectus, none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

DIRECTORS

The Board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are listed below:-

Name	Age	Address	Principal Occupation
Mok Yip Peng	52	32 Jalan Binchang Singapore 574011	Managing Director
Wong Wei Teck	50	31 Jalan Kelempong Singapore 509539	Executive Director
Then Khek Koon	52	15 Leonie Hill Road #19-04 Singapore 239194	Chief Executive Officer of Then Petroli (S) Pte Ltd
Cham Tao Soon	67	10 First Avenue Singapore 268745	Chairman, Board of Trustees SIM University
Chua Koh Ming	47	52 Hume Avenue #01-11 Singapore 596230	Principal Engineer of Kot & Kohler Consulting Engineers
Jong Voon Hoo	34	Blk 412 Sembawang Drive #09-738 Singapore 750412	Chief Financial Officer of Youcan Foods International Limited
Saw Meng Tee (Su Mingzhi)	35	Blk 151F King's Road #04-23 Singapore 268163	Partner of Saw Meng Tee & Co

The working, business experience and areas of responsibility of our Directors are set out below:-

Mok Yip Peng is our Executive Chairman and Managing Director. He is one of the founders of our Company. Mr Mok has been with our Company since its incorporation in 1991. He is responsible for the overall management, strategic planning and business development of our Group. He has 16 years of experience in the food and beverage industry and was instrumental to the establishment, development and expansion of our Group's business. Prior to founding our Company, Mr Mok was involved in engineering consultancy and design review with Ove Arup & Partners and Singapore Mass Rapid Transit Corporation from 1981 to 1988. He practised as a professional engineer with MAP Asia Consulting Engineers and E3 Consulting Engineers from 1989 to 2000. In 2000, he quit his engineering profession to focus on the expansion of our Group. Mr Mok graduated from the National University of Singapore with a Bachelor of Civil Engineering.

Wong Wei Teck is our Executive Director. He is one of the founders of our Company. Since 2000, he has been a full time Executive Director of our Group. He has seven years of experience in the food and beverage industry. He is responsible for the corporate development and management of our Group including management and reporting systems, information technology infrastructures, contracts and cost control of our Group. Mr Wong worked as a civil engineer for LKN Ltd from 1981 to 1984. He joined Mass Rapid Transit Corporation as a site and design engineer from 1984 to 1991. He joined Taylor Woodrow PLC construction group from 1991 to 1999 during which he was appointed as a senior engineer of Taywood Engineering Ltd in Singapore in 1991, business development manager in 1994 for Taylor Woodrow Construction, and general manager of Taywood-HZSL Pte Ltd in 1996. In 1999 he left Taylor Woodrow PLC construction group and set up his own firm WWT Engineering and provided consultancy services. Mr Wong graduated from the National University of Singapore in 1981 with a Bachelor of Civil Engineering, and was a Chartered Engineer of the Engineering Council and a Professional Engineer of the Singapore Professional Engineers Board.

Then Khek Koon is the Non-Executive Director of our Company and was appointed as a Director on 18 April 2001. However, he resigned in December 2003 and was re-appointed as our Director on 19 September 2004. Mr Then began his career as an operations manager, overseeing the distribution of petroleum products with Agip Petroli SpA (an Italian petroleum company) in 1981. He was promoted as the regional marketing and operations manager, and was tasked with the selection and appointment of new distributors for Agip Petroli SpA in Asia in the subsequent year. His last appointment with the said company prior to his resignation in 1997 was as vice president, where his responsibilities include the overseeing of the trading of petroleum products and bunkers. He set up his own company Then Petroli (S) Pte Ltd in 1997. Mr Then graduated from the then University of Singapore in 1980 and holds a Bachelor of Mechanical Engineering.

Professor Cham Tao Soon is our Lead Independent Director and was appointed on 14 May 2007. Professor Cham is currently the chairman of SIM University's Board of Trustees and the chairman of NatSteel Ltd, Singapore Symphonia Company Ltd, Singapore-China Foundation Ltd and MFS Technology Ltd. Professor Cham is also the deputy chairman of Singapore Press Holdings Ltd, and a director of WBL Corporation Ltd, United Overseas Bank Ltd and Far Eastern bank Limited. He also serves as a board member of Land Transport Authority, Singapore International Foundation and is a member of the Council of Presidential Advisers. Professor Cham was the president of Nanyang Technological University ("NTU") from 1981 to 2002 and was the Distinguished Professor of NTU from 2003 until he relinquished his role on 31 March 2007. Professor Cham holds a Bachelor of Engineering (Honours) from the University of Malaya, and a Bachelor of Science (Honours) from the University of London. He also obtained his doctorate from Cambridge University, United Kingdom in 1968. He has been conferred with several honorary degrees by universities including the University of Strathclyde, the University of Surrey, Loughborough University and Soka University. He is a fellow of the Institution of Engineers, Singapore, the Institution of Mechanical Engineers, United Kingdom and the Royal Academy of Engineering, United Kingdom.

Chua Koh Ming is our Independent Director and was appointed on 23 March 2007. He is a registered Professional Engineer in practice. From 1984 to 1993, he worked as an electrical engineer with Lands and Estate Organisation of the Ministry of Defence and had then undergone various engineering and management training programmes. In 1993, Mr Chua commenced his venture through Ligent Engineering Pte Ltd specialising in providing mechanical and electrical engineering services for both private and public sector projects. In 1997, he joined Magnus Energy Group Ltd. (then known as Strike Engineering Limited, a SGX-ST listed company) as an executive director. His portfolio included overseeing operations as invested by the group. In 2006, Mr Chua resigned from Magnus Energy Group Ltd. and since then, he has been providing his own consultancy services to the construction industry. He holds a Bachelor of Electrical Engineering from the National University of Singapore.

Jong Voon Hoo is our Independent Director and was appointed on 23 March 2007. Mr Jong is a Certified Public Accountant of Singapore and the chief financial officer of Youcan Foods International Limited (a SGX-ST listed company). He started his career as an auditor with Arthur Andersen and was promoted as a manager of the assurance and business advisory department during the period from 1996 to 2002. He then joined Deloitte & Touche as a manager, audit from 2002 to 2004. After that, he was appointed as the chief financial officer of Youcan Foods International Limited. Mr Jong graduated from Nanyang Technological University with a Bachelor of Accountancy (Honours) in 1996.

Saw Meng Tee (Su Mingzhi) is our Independent Director and was appointed on 23 March 2007. Mr Saw is a Certified Public Accountant ("CPA") of Singapore and a partner of Saw Meng Tee & Co, a CPA firm which he established in 1999. Prior to that, he was employed in the audit department of Ernst and Young, Singapore from 1994 to 1995. Thereafter, he joined K J Tan & Co and was seconded to a Malaysian food manufacturing company Family Cereal Sdn Bhd ("Family Cereal") from 1996 to 1997 where he oversaw the financial matters of the said company which has operations in the People's Republic of China ("PRC"), Thailand, Vietnam, Myanmar and Malaysia. During this period, he also assisted the said company in setting up a new factory in Shenzhen, PRC. In 1997, Mr Saw was appointed as a director of FES Industries Sdn Bhd ("FES") in Penang, a joint venture company between Family Cereal and a wholly-owned subsidiary of Food Empire Holdings Ltd (a SGX-ST listed company). FES is principally involved in the manufacture of ready-to-drink beverages for the European market. In 2001, Mr Saw played a key role in the establishment of another joint venture company, Ernsts Food Ingredients Sdn Bhd, which is in the business of production of spray dried products, including non-dairy creamer. In 2004, Mr Saw participated in the sale of the said company to a multinational food group based in Ireland. Mr Saw graduated from Nanyang Technological University (with Merit) in 1994 and has been a practising member of the Institute of Certified Public Accountants Singapore since 1997 and a Fellow of the Insolvency Practitioners Association of Singapore since 2006. Since 2003, Mr Saw has been the assistant treasurer on the Community Centre Management Committee in Bukit Gombak.

None of our Directors is related to each other or the Substantial Shareholders.

The list of present and past directorships of each Director over the last five years excluding those held in our Company, is set out below:-

Name	**Present Directorships**	**Past Directorships**
Mok Yip Peng	<u>Group Companies</u>	<u>Group Companies</u>
	Soup Restaurant (Causeway) Soup Restaurant (Jurong) Soup Restaurant (SC) Soup Restaurant (Seah Street) Soup Restaurant Investments	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Nil	E3 Consultants Pte. Ltd.
Wong Wei Teck	<u>Group Companies</u>	<u>Group Companies</u>
	Soup Restaurant (Causeway) Soup Restaurant (Jurong) Soup Restaurant (SC) Soup Restaurant (Seah Street) Soup Restaurant Investments Y.E.S F&B Group	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Nil	Nil
Then Khek Koon	<u>Group Companies</u>	<u>Group Companies</u>
	Soup Restaurant (Causeway) Soup Restaurant (Jurong) Soup Restaurant (SC) Soup Restaurant (Seah Street) Soup Restaurant Investments	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	E-Plus Development Pte Ltd Marfuel Pte Ltd SISTIC.com Pte Ltd Then Petroli (S) Pte Ltd	EI-Exhibition Technology Pte. Ltd. EI-Nets Ltd IHPC Technology Ventures Pte Ltd (struck off on 30 June 2004) Jess Palate Pte Ltd (creditors' voluntary winding up on 3 September 2005) Magnus Energy Group Ltd. Meshworkz Pte Ltd (struck off on 25 February 2003) Performance Oil (Asia) Pte. Ltd. Performance Oil Holdings Pte Ltd (struck off on 24 February 2006) Plan-B Technologies Pte Ltd (members' voluntarily wound up on 20 November 2004) Seah Street Centre Pte Ltd (struck off on 3 June 2004)

Name	Present Directorships	Past Directorships
Cham Tao Soon	Group Companies Nil Other Companies Far Eastern Bank Limited ICB (2002) Limited MFS Technology Ltd NAFA International Pte. Ltd. Nanyang Fine Arts Foundation Ltd NatSteel Ltd SIM University Singapore-China Foundation Ltd Singapore Press Holdings Ltd Singapore International Foundation Singapore Symphonia Company Limited The Tan Chin Tuan Foundation United Overseas Bank Limited WBL Corporation Ltd	Group Companies Nil Other Companies Adroit Innovations Limited Baccarat International Private Limited Bioinvest Capital Pte Ltd ei-Nets Ltd Glory Central Holdings Limited John Little Private Limited Keppel Corporation Ltd Robinson & Company Limited Robinson & Company (S) Private Limited Supa-Save (Private) Limited TSH Corporation Limited
Chua Koh Ming	Group Companies Nil Other Companies Nil	Group Companies Nil Other Companies Gordon (HK) Design & Engineering Ltd Ligent Engineering Pte Ltd Magnus Energy Group Ltd. Nete2 Asia Pte Ltd Progressive Builders Private Limited Strike Construction Pte Ltd
Jong Voon Hoo	Group Companies Nil Other Companies Nil	Group Companies Nil Other Companies Nil
Saw Meng Tee (Su Mingzhi)	Group Companies Nil Other Companies Custom Food Ingredients Sdn Bhd FES Industries Sdn Bhd Latitude 33 Pte. Ltd. Well Telecom Pte. Ltd.	Group Companies Nil Other Companies Babies.com Investments Pte Ltd (struck off on 15 January 2004) Global Associates Limited M&C China Pte. Ltd (struck off on 16 August 2006) Trithorn Health Enterprise Pte. Ltd. Trithorn Hotel Management Pte. Ltd. Trithorn Investment Development Pte. Ltd. Trithorn Investment Holding Pte. Ltd.

EXECUTIVE OFFICERS

The day-to-day operations are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:-

Name	Age	Residential Address	Position
Victor Lee Ngai Meng	39	Block 684A Jurong West Street 64 #07-111 Singapore 641684	Senior Manager, Operations
Ng Eng Chyuan	36	Block 409 Saujana Road #09-112 Singapore 670409	Senior Manager, Kitchen Management
Chan Chee Hung (Chen Zhiheng)	34	Block 59B Geylang Bahru #13-3331 Singapore 331059	Senior Manager, Food Processing & Logistic
Toh Yen Sang (Zhuo Yanshuang)	34	Block 402 Fajar Road #05-217 Singapore 670402	Senior Manager, Finance
Audrey Ng Wee Yen	32	Block 40 Cambridge Road #06-101 Singapore 210040	Senior Manager, Administration

Toh Yen Sang (Zhuo Yanshuang) is the sister-in-law of our Managing Director, Mok Yip Peng. Save as disclosed, none of our Executive Officers is related to each other or to any of our Directors or the Substantial Shareholders.

The working, business experience and areas of responsibility of our Executive Officers are set out below:-

Victor Lee Ngai Meng is our Senior Manager, Operations and is responsible for managing the daily operations of all outlets and setting up of new outlets. He joined our Group in 1998. From 1990 to 1993, he worked as a captain, senior captain and supervisor of Harbour City Restaurant, Dragon Gate Restaurant and River Pearl Restaurant respectively. He left River Pearl Restaurant in 1993 to join Regency Seafood Restaurant as an assistant manager. He was responsible for the daily operations of the said restaurant, planning of the menus, deploying duties to staff and handling customers' complaints. He later joined Boat Quay Restaurant and Lake Garden Restaurant as restaurant manager from 1994 to 1996. He formed a partnership Mel Lotus II from 1996 to 1997 that sells IT related products.

Ng Eng Chyuan is our Senior Manager, Kitchen Management. He joined our Group in 2000 as a food and beverage ("F&B") manager. Before joining us, he was an F&B executive in the Hotel Phoenix and a chef in Monty's Chef on Wheel from 1992 to 1995. From 1996 to 2000, he was the senior manager of Delifrance Singapore and retail manager of Lee Hwa Jewellery. He has more than 10 years of working experience in operational, human resource as well as managerial matters in multi-faceted service industries. Mr Ng obtained a Certified Industry Trainer Status from the Institute of Technical Education Singapore in 2005 and in 2006, obtained Certified Assessor Status (ACTA) from Singapore Training and Development Association. He also obtained a Double Diploma in Enterprise Development by the International Professional Managers Association (UK) in 2006. He graduated from Singapore Hotel and Training Education Centre (SHATEC). He also attended various specialisation and enrichment programmes and has achieved, amongst others, Certificates of Achievement for Cantonese Cuisine and Kitchen Management organised by the Restaurant Association of Singapore.

Chan Chee Hung (Chen Zhiheng) is our Senior Manager, Food Processing & Logistic and he is in charge of the overall operations and maintenance of our Food Processing Facility. He joined our Group in September 2002. Prior to joining us, he worked in various companies as a cook and chef including Sheraton Towers Singapore, Esmirada Mediterranean Restaurant, Forbidden City Restaurant from 1992 to 1998. He was a catering executive with Singapore Food Industries from 1998 to 2001 and a catering/production chef in Quix Pte Ltd from 2001 to 2002. Mr Chan was awarded, amongst others, the Certificate of Achievement for Food & Beverage Cost Control in 2005 organised by the Restaurant Association of Singapore.

Toh Yen Sang (Zhuo Yanshuang) is our Senior Manager, Finance and she oversees our Group's accounts. Her responsibilities include the monitoring of our Group's cash flows, budgeting and forecasting of the financial performance of our Group. She joined our Group in February 2003. Prior to joining us, she was working as an accounts assistant and an accountant for various private and public listed companies including Pioneer Technical Supplies Pte Ltd and Enersave Holdings Limited (now known as China Enersave Ltd) from 1995 to 2003. She was appointed as non-executive director of Pioneer Technical Supplies Pte Ltd in August 1996. In 1995, she obtained a degree in Bachelor of Business Administration (Merit) from the National University of Singapore and became an affiliate of the Association of Chartered Certified Accountants (ACCA) in 2000. She also obtained a Graduate Diploma in Human Resource Management from the Singapore Institute of Management in 2003. She has been a non-practising Certified Public Accountant of the Institute of Certified Public Accountants of Singapore since 2004.

Audrey Ng Wee Yen is our Senior Manager, Administration and she is responsible for the overall administration and personnel/payroll function of our Group. She joined our Group in June 2000 and was involved in setting up the office management, documentation as well as information technology system and control. Prior to joining us, she was a secretary with Taywood Engineering Ltd, Taylor Woodrow Construction and SAFRA Radio from 1993 to 1999. She obtained a Diploma in Administrative Management from Thames International Management Centre in 1997.

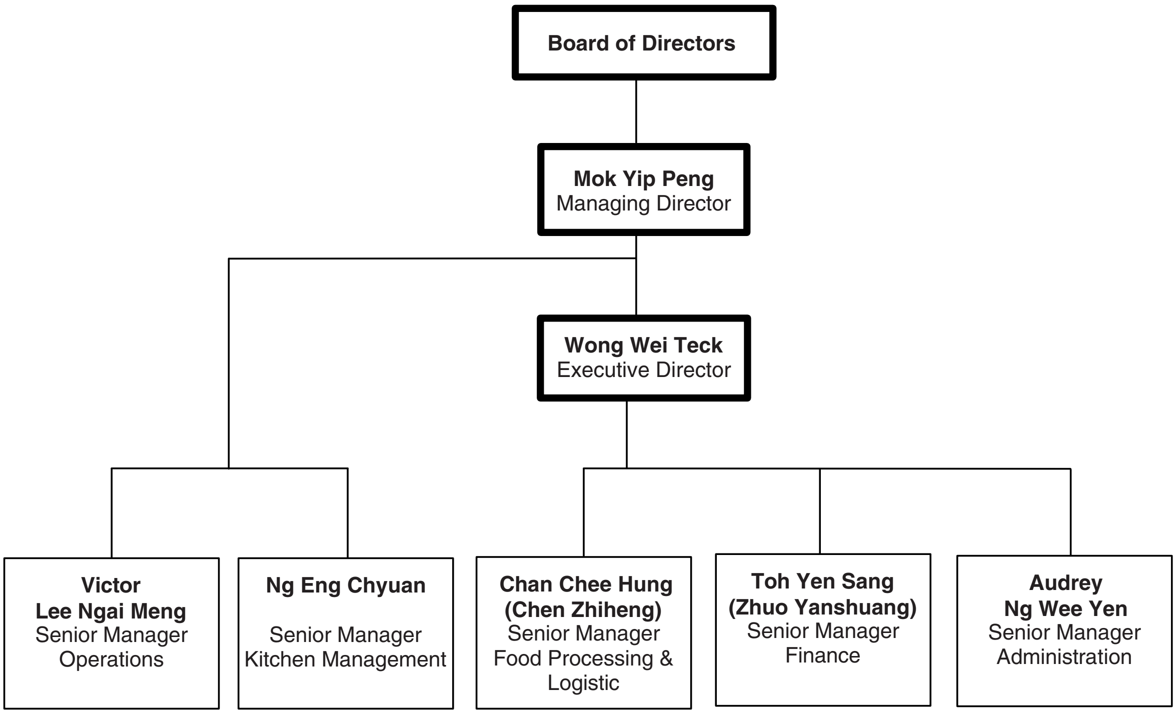
Save as disclosed below, none of our Executive Officers holds any directorships in the last five years:-

Name	Present Directorships	Past Directorships
Chan Chee Hung (Chen Zhiheng)	<u>Group Companies</u>	<u>Group Companies</u>
	Y.E.S F&B Group	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Nil	Nil
Toh Yen Sang (Zhuo Yanshuang)	<u>Group Companies</u>	<u>Group Companies</u>
	Y.E.S F&B Group	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Pioneer Technical Supplies Pte Ltd	Nil

There is no arrangement or understanding with a Substantial Shareholder, customer or supplier of our Company or other person, pursuant to which any of our Directors or Executive Officers was selected as a Director or Executive Officer of our Company.

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date:-



DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION [1]

The remuneration[1] paid or payable to our Directors and Executive Officers in FY2005, FY2006 and the estimated remuneration payable to them for FY2007 for services rendered to our Group in all capacities are as follows:-

	FY2005	FY2006	Estimated for FY2007[2]
Directors			
Mok Yip Peng	A	A	A
Wong Wei Teck	A	A	A
Then Khek Koon	A	A	A
Cham Tao Soon	–[3]	–[3]	A
Chua Koh Ming	–[3]	–[3]	A
Jong Voon Hoo	–[3]	–[3]	A
Saw Meng Tee (Su Mingzhi)	–[3]	–[3]	A
Executive Officers			
Victor Lee Ngai Meng	A	A	A
Ng Eng Chyuan	A	A	A
Chan Chee Hung (Chen Zhiheng)	A	A	A
Toh Yen Sang (Zhuo Yanshuang)	A	A	A
Audrey Ng Wee Yen	A	A	A

Notes:-

(1) Remuneration includes salary, bonus, Directors' fees and benefits-in-kind. Remuneration that has already been paid includes deferred remuneration accrued for the financial year in question and payable at a later date.

(2) For the purposes of this estimation, no account is taken of the bonus that our Executive Directors are entitled to under their respective service agreements, the details of which are set out under the section entitled "Service Agreements" of this Prospectus.

(3) Not appointed as our Director or under our employment during the financial year.

(4) Band A means up to S$250,000 per annum.

Save as disclosed above and under the section entitled “Service Agreements” of this Prospectus, no compensation was paid or is to be paid to any of our Directors or Executive Officers in FY2005, FY2006 and FY2007 pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

No compensation was paid or is to be paid in the form of stock options to any of our Directors or Executive Officers.

No amounts have been set aside or accrued by our Group to provide for pension, retirement or similar benefits for any of our employees.

SERVICE AGREEMENTS

We have entered into service agreements (collectively, “Service Agreements” and singly, “Service Agreement”) with our Managing Director and Executive Director, Mok Yip Peng and Wong Wei Teck (collectively, “Key Directors” and singly, “Key Director”) for an initial period of three years commencing from the date of admission of our Company to the Official List of the SGX-SESDAQ (the “Initial Term”), which shall automatically expire at the end of the Initial Term unless renewed by our Company for such period as our Company may so decide. The appointment of any one of the Key Directors may be terminated at any time in accordance with the provisions of the Service Agreement or by either party giving to the other three months’ notice in writing of such intended termination, or in lieu of the said three months’ notice, an amount equivalent to three months’ salary based on the Key Director’s last drawn salary, save that the Key Director shall not terminate his employment with our Company during the Initial Term. The Key Director will not be entitled to any benefits upon termination of his Service Agreement.

The Service Agreement shall automatically terminate without any notice or payment in lieu of notice if (i) the Key Director becomes prohibited by law from being or ceases to be a Director of our Company for any reason whatsoever; (ii) the Key Director is or may be suffering from a mental disorder; or (iii) the Key Director is convicted of any criminal offence (save for an offence under road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment) and sentenced to any term of immediate or suspended imprisonment.

The Service Agreement may be terminated by our Company in the event that the Key Director commits certain events of default (comprising gross misconduct, breach of a material provision of the Service Agreement, criminal breach of trust or dishonesty or if he becomes bankrupt or makes any arrangement or composition with his creditors) as described in his Service Agreement and upon such termination, the Key Director shall not be entitled to claim any compensation or damages.

Under the Service Agreement, Mok Yip Peng will receive a monthly salary of S$16,000 and Wong Wei Teck will receive a monthly salary of S$14,400. Each of our Key Directors will be entitled to one-month contractual bonus. Further, our Company will reimburse our Key Directors all travelling, hotel, entertainment and other expenses reasonably incurred by them in the performances of their duties, during the term of the Service Agreements.

Pursuant to the Service Agreement, the Key Director and his Associates (if any) shall not during his employment hereunder and within a period of 12 months upon his ceasing to be an Key Director of our Company in all territories where our Company or any Group companies operates directly or indirectly, except with our Company’s prior written consent:-

(a) either on his own account or for any other person directly or indirectly engage, employ, solicit, interfere with or endeavour to entice away from any Group company any person who to his knowledge is now or has been a client, customer or employee of, or in the habit of dealing with, any Group company;

(b) save for any interest as may be disclosed to and accepted by our Company, either alone or jointly with or as a manager, agent for or employee of any person, directly or indirectly carry on or be engaged or concerned or interested in any business which shall be in direct competition with the business carried on by any Group company at the date hereof or as at the time of cessation of employment (as the case may be) (the "Relevant Business") whether by way of joint venture, partnership, co-operation for a business venture or undertaking or otherwise; and

(c) act as a director or otherwise of any other person, firm or company engaging directly or indirectly in the Relevant Business which is in competition with the business of any Group company.

Our Key Director further agrees with our Company that he shall not during his employment hereunder and upon his ceasing to be a Key Director of our Company without limit in point of time, directly or indirectly, except with our Company's prior written consent:-

(a) use the name "Soup Restaurant" or "Kampong Days" or "Dian Xiao Er" or any colourable imitation thereof in connection with any business; and

(b) use any trademark, patent or other intellectual property of any Group companies in connection with any business.

The Service Agreement also contains confidentiality terms valid for the period of the employment of our Key Director and continues after the termination of such Service Agreement until the said information or knowledge comes into the public domain. Pursuant to the confidentiality terms, our Key Director shall comply strictly with the confidentiality regime of our Company so as to prevent any leakage of confidential information, which include trade secrets, secret or confidential operations, and other information that may come into his knowledge during his appointment.

Mok Yip Peng shall be entitled to participate in an annual performance bonus based on the net profit before income tax (before payment of the performance bonus) of our Group for each financial year:-

Net Profit Before Income Tax[(1)]	**Performance Bonus**
Less than or equal to S$2.5 million	Nil
Above S$2.5 million and up to S$4.0 million	Net Profit Before Income Tax x 1.5%
Above S$4.0 million	Net Profit Before Income Tax x 2.0%

Wong Wei Teck shall be entitled to participate in an annual performance bonus based on the net profit before income tax (before payment of the performance bonus) of our Group for each financial year:-

Net Profit Before Income Tax[(1)]	**Performance Bonus**
Less than or equal to S$2.5 million	Nil
Above S$2.5 million and up to S$4.0 million	Net Profit Before Income Tax x 1.0%
Above S$4.0 million	Net Profit Before Income Tax x 1.5%

Note:-

(1) Net Profit Before Income Tax means, in relation to each financial year, the net profits of our Group before income tax and excluding extraordinary items based on the audited accounts of our Group (before payment of the performance bonus).

Our Group has also previously entered into various letters of employment with our Executive Officers. Such letters typically provide for the salary payable to the Executive Officers, their working hours, annual leave, medical benefits and grounds of termination.

There are no existing or proposed service contracts entered or to be entered into by our Directors or our Executive Officers with our Company or our subsidiaries which provide for benefits upon termination of employment.

Save as disclosed above, there are no other existing or proposed service contracts entered into or to be entered into between our Company and our subsidiaries with any of our Directors or Executive Officers.

There is no impact on our consolidated profit before income tax had the Service Agreements mentioned above been in place for FY2005.

EMPLOYEES

The functional distribution of our full-time employees as at end of each of the last three financial years and FP2006 are as follows:-

	Number of employees			
Function	**FY2003**	**FY2004**	**FY2005**	**FP2006**
Management	6	6	9	8
Administration and finance	7	11	8	8
Operational staff – Hall	71	94	106	109
Operational staff – Kitchen and Food Processing Facility	93	114	108	114
Total	177	225	231	239

Apart from the above, our Group employed in average 39 temporary employees in FY2005 making up approximately 16.9% of our total number of employees for that financial year. As at the Latest Practicable Date, we had a workforce of 358 full-time employees and 39 temporary employees. The 358 full-time employees include 88 full-time employees of Y.E.S F&B Group, which we acquired 50.98% equity interests in November 2006.

All our employees are located in Singapore for the period under review.

All our employees are not unionised. The relationship and co-operation between the management and employees have been good and are expected to continue to remain so in the future. There has not been any incidence of work stoppages or labour disputes which affect our operations.

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders. Accordingly, our Board of Directors has formed three committees: (i) the Nominating Committee; (ii) the Remuneration Committee; and (iii) the Audit Committee.

In addition, Cham Tao Soon, Chua Koh Ming, Jong Voon Hoo and Saw Meng Tee (Su Mingzhi) have been appointed as our Independent Directors. Our Directors consider Cham Tao Soon, Chua Koh Ming, Jong Voon Hoo and Saw Meng Tee (Su Mingzhi) to be independent as they do not have any existing business or professional relationship with our Group, our Directors or Substantial Shareholders. They are also not related to any of our Directors or Substantial Shareholders.

In view of Mok Yip Peng's concurrent appointment as our Chairman and Managing Director, we have appointed Cham Tao Soon, as our Lead Independent Director, pursuant to the recommendations in Commentary 3.3 of the Code of Corporate Governance 2005. In accordance with the recommendations in the said Commentary 3.3, the Lead Independent Director will be available to Shareholders where they have concerns which contact through the normal channels of our Chairman and Managing Director has failed to resolve or for which such contact is inappropriate.

Nominating Committee

Our Nominating Committee comprises Chua Koh Ming, Cham Tao Soon, Jong Voon Hoo, Saw Meng Tee (Su Mingzhi) and Mok Yip Peng as at the date of this Prospectus. The Chairman of the Nominating Committee is Chua Koh Ming.

Our Nominating Committee will be responsible for:-

(a) re-nomination of our Directors having regard to our Director's contribution and performance;

(b) determining annually whether or not a director is independent; and

(c) deciding whether or not a director is able to and has been adequately carrying out his duties as a director.

The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term Shareholders' value. The performance evaluation will also include consideration of our share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. The Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as Director.

Remuneration Committee

Our Remuneration Committee comprises Saw Meng Tee (Su Mingzhi), Cham Tao Soon, Chua Koh Ming and Jong Voon Hoo. The Chairman of the Remuneration Committee is Saw Meng Tee (Su Mingzhi). Our Remuneration Committee oversees executive remuneration and development in our Company with the goal of building a capable and committed management team.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for each Executive Director.

The recommendations of our Remuneration Committee will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be reviewed by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from reviewing and approving his own remuneration and the remuneration packages related to him. Our Company will disclose in our annual report the total remuneration paid to our Directors.

Audit Committee

Our Audit Committee comprises Cham Tao Soon, Jong Voon Hoo, Chua Koh Ming and Saw Meng Tee (Su Mingzhi). The Chairman of the Audit Committee is Cham Tao Soon. The Audit Committee shall at all times ensure that they comply with the Code of Corporate Governance 2005, as amended from time to time.

Our Audit Committee will meet periodically to perform, *inter alia*, the following functions:-

(a) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

(b) review the significant financial reporting issues and judgements so as to ensure the integrity of our financial statements and any formal announcements relating to our financial performance;

(c) review the adequacy of our internal controls, in accordance with the guidelines as set out in the Code of Corporate Governance 2005;

(d) reviewing the effectiveness of our internal audit function;

(e) make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

(f) review arrangements by which staff of our Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(g) review the external auditors' reports;

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

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

(j) review the appointment of Toh Yen Sang (Zhuo Yanshuang) as the Senior Manager, Finance of our Company due to the relationship between Mok Yip Peng and herself; and

(k) review the adequacy of the business risk management process.

The Audit Committee is of the view that, notwithstanding the relationship between Mok Yip Peng and Toh Yen Sang (Zhuo Yanshuang), Toh Yen Sang (Zhuo Yanshuang) is suitable to act as the Senior Manager, Finance of our Company and our Group has appropriate internal controls and procedures in place to ensure that the independence of her position is not compromised. In particular:-

(a) Toh Yen Sang (Zhuo Yanshuang) reports directly to our Executive Director, Wong Wei Teck, and not Mok Yip Peng;

(b) all financial documents are counter-checked and no single person has the authority to override control over any accounting and finance transaction;

(c) joint signatories are required for all finance documents such as payment vouchers and cheques;

(d) both Mok Yip Peng and Toh Yen Sang (Zhuo Yanshuang) cannot jointly sign any finance documents, including cheques; and

(e) our Group's finance and accounting system is computerised for easy reporting to facilitate early detection of fraud or irregularity.

Upon our Company's admission to Official List of the SGX-SESDAQ, the Audit Committee will review quarterly the suitability of Toh Yen Sang (Zhuo Yanshuang) to continue to act as the Senior Manager, Finance of our Company and that the appropriate internal controls and procedures are in place to ensure that the independence of her position is not compromised. The opinion of our Audit Committee on the suitability of Toh Yen Sang (Zhuo Yanshuang) to act as Senior Manager, Finance of our Company, will be published in our annual report, for as long as Ms Toh continues to oversee our Group's accounts.

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

In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

Upon our admission to the Official List of the SGX-SESDAQ, we intend to engage internal auditors to review the internal control system of our Group for the next two years. Our internal auditors will report their findings to our Audit Committee periodically and we will announce the outcome of the final review via SGXNET at the end of the two years period. Our external auditors will also be reviewing our internal control systems at the end of the two years period. Our external auditors will recommend to our Audit Committee on whether our Group needs to retain the internal control system review function.

BOARD PRACTICES

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest one third) of our Directors, are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of our Directors can be found in Appendix III of this Prospectus.

The following is a discussion of certain tax matters relating to Singapore income tax, capital gains tax, stamp duty and estate duty consequences in relation to the purchase, ownership and disposal of our Shares. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase our Shares. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

You, as a prospective subscriber of our Shares should consult your tax advisors concerning the tax consequences of owning and disposing our Shares. Neither our Company, our Directors nor any other persons involved in this Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

INCOME TAX

General

Singapore resident taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and on foreign income received or deemed received in Singapore.

However, foreign income in the form of branch profits, dividends and service income ("specified foreign income") received or deemed received in Singapore on or after 1 June 2003 by a resident taxpayer are exempted from tax in Singapore provided the following conditions are met:-

(i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;

(ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and

(iii) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

As a concession, the "subject to tax condition" in (i) above would, with effect from 30 July 2004, be considered met for specified foreign income which are exempt from tax in the foreign jurisdiction from which the specified foreign income is received if the exemption is due to a tax incentive granted by the foreign jurisdiction for carrying out substantive business activities in that jurisdiction. Generally, substantive business activities refer to business activities that are carried out through staff with certain expertise and actual expenditure is incurred to carry out the activities. In addition, all foreign-sourced personal income received or deemed received in Singapore by a Singapore tax resident individual (except where such income is received through a partnership in Singapore) on or after 1 January 2004 will be exempt from tax in Singapore if the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the individual. Certain investment income derived from Singapore sources by individuals on or after 1 January 2004 will also be exempt from tax.

Non-Singapore tax-resident corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign income received or deemed received in Singapore, subject to certain exceptions. Non-Singapore tax-resident individual taxpayers, subject to certain exceptions, are subject to Singapore income tax only on income accruing in or derived from Singapore. A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Rates of Tax

The corporate tax rate in Singapore is 18% with effect from Year of Assessment 2008 as announced in the 2007 Budget. In addition, 75% of up to the first $10,000 of a company's normal chargeable income, and 50% of up to the next $290,000 (as announced in the 2007 Budget) is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 18%. The above partial tax exemption will not apply to Singapore dividends received by companies.

Singapore tax-resident individuals are subject to tax based on progressive rates, currently ranging from 0% to 20% (from Year of Assessment 2003 to 2005). The Minister for Finance has, in the 2005 Budget Statement, proposed to reduce the top individual marginal tax rate i.e. from 22% to 21% in the Year of Assessment 2006 and then to 20% in the Year of Assessment 2007, with corresponding reduction in marginal tax rates for all the other income tax brackets.

Non-Singapore resident individuals are generally subject to tax at a rate equivalent to the prevailing corporate tax rate.

Dividend Distributions

– Franked Dividends

Up to 31 December 2002, Singapore adopted a full imputation system to all dividends (other than normal exempt dividends) paid by companies resident in Singapore. Under the imputation system, the tax paid by the company at the prevailing corporate tax rate is deemed to be paid by its shareholders and thus, the shareholders received dividends net of the tax paid by the company. The corporate tax paid by the company effectively became available to its shareholders as a tax credit to offset their overall Singapore income tax liability. If the amount of Singapore tax payable by the shareholder was less than the tax credit, the shareholder was entitled a refund on the difference from the Inland Revenue Authority of Singapore ("IRAS").

A non-resident shareholder was effectively taxed on dividends at the corporate tax rate. Thus, no further Singapore income tax was imposed on the net dividend received by a non-resident holder of the Singapore company's shares.

With the introduction of the one-tier system which took effect from 1 January 2003, Singapore tax resident companies which have unutilised franking credits as at 31 December 2002 are, given a 5 year transitional period from 1 January 2003 to 31 December 2007 to use these credits to frank dividends. They are allowed to continue to pay dividends under the imputation system during this period, subject to the availability of franking credits and provided that they have not elected to move to the one-tier system. Shareholders will continue to receive these dividends with tax credits attached.

– One-tier Exempt Dividends

Under this system which took effect from 1 January 2003, the tax collected from corporate profits is final and any Singapore dividends paid by a Singapore resident company are tax exempt in the hands of the shareholder (individual or corporate) regardless of whether the shareholder is a Singapore tax resident.

Withholding Taxes

Dividend received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax.

Our Company has opted to move to the one-tier corporate tax system on 9 September 2005. Therefore, our Company is on the one-tier corporate tax system and can only declare tax exempt (one-tier) dividends to our Shareholders.

CAPITAL GAINS TAX

There is no tax on capital gains in Singapore.

Thus any gains derived from the disposal of our Shares acquired for long-term investment will not be taxable in Singapore.

On the other hand, where the taxpayer is deemed by the IRAS to be carrying on a trade or business of dealing in shares in Singapore, gains from disposal of shares are of an income nature (rather than capital gains) and thus subject to Singapore income tax.

However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and subject to tax especially if they arise from activities which the IRAS regards as the carrying on of a trade in Singapore.

Any profits from the disposal of our Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case, the disposal profit would be taxable.

BONUS SHARES

Any bonus shares received by our Shareholders are not taxable.

STAMP DUTY

No stamp duty is payable on the subscription and issuance of our Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of S$2.00 for every S$1,000 or any part thereof of the consideration for, or market value of the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

ESTATE DUTY

Singapore estate duty is imposed on the value of immovable property situated in Singapore and on movable property, wherever it may be, owned by individuals who are domiciled in Singapore, subject to specific exemption limits.

Singapore estate duty is imposed on the value of certain immovable property situated in Singapore owned by individuals who at the time of their death (on or after 1 January 2002) were not domiciled in Singapore subject to specific exemption limits, i.e. all Singapore movable assets of such persons will be exempt from Singapore estate duty.

Our Shares are considered to be movable property situated in Singapore as we are incorporated in Singapore. Accordingly, our Shares held by an individual domiciled in Singapore are subject to Singapore estate duty upon such individual's death.

Singapore estate duty is payable to the extent that the value of the Shares aggregated with any other dutiable assets exceeds $600,000. Unless other exemptions apply to the other assets, for example, the separate exemption limit for residential properties, any excess beyond S$600,000 will be taxed as follows:–

First S$12,000,000	5%
Excess over S$12,000,000	10%

Individuals domiciled in Singapore should consult their tax advisors regarding the estate duty consequences of owning our Shares in the light of their total assets and possessions, and personal circumstances.

GOODS AND SERVICES TAX ("GST")

General

The sale of shares is considered a supply of services for Singapore GST purposes. Generally, a supply of services made by a GST-registered person is subject to GST at the current standard rate of 5% unless the services can qualify for zero-rating (that is, charge GST at 0%) under Section 21(3) of the GST Act (2001 Ed.), or can qualify for exemption under the Fourth Schedule to the GST Act. GST incurred on purchases by a person not registered for GST in Singapore will represent an additional cost as he will not be able to recover the GST charged.

Acquisition of Shares

No GST is payable on the purchase of shares except for (possible) GST payable on other incidental charges, such as brokerage mentioned below.

Sale of Shares

The sale of shares by a GST-registered investor in the course of or furtherance of a business carried on by him through the SGX-ST or to another person belonging in Singapore can qualify for exemption under the Fourth Schedule to the GST Act. In other words, no GST is chargeable on the sales. However, any (possible) input tax incurred in making wholly exempt supplies will not be recoverable by the GST-registered person. This is not applicable if the investor is a bank operating in Singapore. The bank will recover the input tax based on a fixed rate prescribed by the IRAS.

If the sale of shares by a GST-registered investor is made to another person belonging outside Singapore, and that person is outside Singapore at the time the sale is executed, the sale would qualify for zero-rating under Section 21(3)(j) of the GST Act. In other words, GST is chargeable at 0% on the sales. Any (possible) input GST which is incurred by the GST-registered investor in making wholly zero-rated supplies is fully recoverable from the IRAS. This is not applicable if the investor is a bank operating in Singapore. The bank will recover the input tax based on a fixed rate prescribed by the IRAS.

Other Incidental Charges

Brokerage, handling and clearing fees in connection with the sale or acquisition of shares charged by a GST-registered person (such as broker) to an investor belonging to Singapore is subject to GST at the current rate of 5%. Similar services rendered to an investor belonging outside Singapore should qualify for zero-rating if the investor is outside Singapore when the services are performed and the services provided do not directly benefit any Singapore persons.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on SGX-SESDAQ, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through SGX-SESDAQ will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended form time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Act, as members of the Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding the Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on SGX-SESDAQ, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 or such other amount as our Directors may decide, is payable to the Share Registrar for each share certificate issued and a stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S$0.20 per S$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on SGX-SESDAQ must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$20.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-SESDAQ is payable at the rate of 0.05% of the transaction value subject to a maximum of S$200.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax of 5%.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-SESDAQ generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP agent. The CDP agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:-

   (a) has at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) has at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business on the ground of insolvency;

   (c) has any unsatisfied judgement against him;

   (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (f) has at any time during the last 10 years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

      (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

      (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Our Group and our Directors

Our Group was summoned by the Ministry of the Environment for breach of the Environment Public Health (Food Establishment) Regulations 1973 in 1992, 1995, 1999 and 2005. These offences were compounded for S$100 each. We have implemented internal guidelines and procedures and have instructed our quality assurance team to conduct random inspections at all our outlets on a fortnightly basis to minimise future similar breaches.

In September 1999, our Company, Soup Restaurant (Seah Street), Soup Restaurant (Causeway) and our Managing Director, Mok Yip Peng and our Executive Officer, Victor Lee Ngai Meng were charged for employing seven Malaysian workers without valid work permits. Our Company and Mok Yip Peng were also charged for employing a Malaysian cook at Soup Restaurant (Causeway) in breach of a condition of his work permit (for not working at the specified outlet under the said work permit). Our Group and Mr Mok paid a fine of S$30,640 and S$13,480 respectively. Mr Lee compounded the offence for S$1,000.

In September 1999, all the directors of Soup Restaurant (Seah Street) namely, Mok Yip Peng, Wong Wei Teck, Wong Chi Keong, Then Khek Koon and Ho Hong Chin compounded the fine for S$200 each for failing to hold an Annual General Meeting ("AGM") within 18 months from the incorporation of the company and to lodge an annual return of the company within one month from the date of AGM as required under the Companies Act.

In May 2001, our Executive Director, Wong Wei Teck assisted the Environment Health officers in their investigation of one of our suppliers. Wong Wei Teck was not the subject of the investigation.

In February 2003, Soup Restaurant (Jurong) was requested to attend a meeting at the Ministry of Manpower to resolve a dispute involving a claim for wrongful dismissal, bonus and service allowance by an ex-employee. Wong Wei Teck attended the meeting at the Ministry of Manpower and resolved the matter by an ex-gratia payment.

In February 2003, Jess Palate Pte Ltd ("Jess Palate") entered into creditors' voluntary liquidation. Our Non-Executive Director, Then Khek Koon was a shareholder of the company and had resigned as a director on 30 June 2002.

In 2003, our Independent Director, Saw Meng Tee (Su Mingzhi) was interviewed, in his capacity as an auditor, by the Commercial Affairs Department ("CAD") regarding a former client of his firm, Saw Meng Tee & Co. He was not the subject of the investigation.

In February 2004, our Independent Director, Jong Voon Hoo was interviewed, in his capacity as an independent auditor, by the CAD regarding a client of an audit firm in connection with an audit report issued by the said audit firm which contained findings of certain wrongdoings with respect to the affairs of its client. He was not the subject of the investigation.

In May 2005, a writ was filed by Space Furniture Pte Ltd against our Non-Executive Director, Then Khek Koon pursuant to a sale of goods contract, the case was later discontinued in June 2005.

Our Executive Officer

In February 2002, our Executive Officer, Ng Eng Chyuan was served with a writ of summons for negligent and careless driving and causing injuries to the plaintiff. The plaintiff claimed for S$3,076. The case has been concluded and a judgement was entered against Mr Ng on 6 June 2005.

Our Controlling Shareholder

Our Controlling Shareholder, Wong Chi Keong is one of executive directors of E3 Consultants Pte Ltd ("E3 Consultants") and a partner of E3 Consulting Engineers. Mok Yip Peng was a non-executive director of E3 Consultants and resigned in 2003.

In 1998, Autodesk Inc ("Autodesk") filed a suit against E3 Consultants for copyright infringement of computer software program. However, the suit was settled and Autodesk filed a notice of discontinuance of the suit on 29 July 1998.

In 2002, Wong Chi Keong was interviewed by the Corrupt Practices Investigation Bureau ("CPIB") of Singapore in relation to a senior engineer of E3 Consultants. Mr Wong was not the subject of the investigation.

In September 2002, Wong Chi Keong and another third party were served with a writ of summons for negligent driving. The plaintiff claimed for S$9,184. No judgement has been entered against Mr Wong and to the best of his knowledge, the claim has been settled by the relevant insurance company.

In March 2004, Wong Chi Keong was requested to assist the CPIB in relation to a site resident engineer of one of his engineering projects engaged by E3 Consulting Engineers. Mr Wong was not the subject of the investigation.

In October 2006, the Inland Revenue Authority of Singapore concluded the tax audit of E3 Consultants for years of assessments from 1996 to 1999 and E3 Consultants accepted the offer of composition for omission or understatement of income by payment of additional tax of S$243,075 and a penalty of S$156,924.

2. There is no shareholding qualification for Directors under the Articles of Association of our Company.

3. None of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Prospectus, been acquired or disposed of by or leased to, our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

4. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

SHARE CAPITAL

5. Save as disclosed below and in the section entitled "Share Capital" of this Prospectus, there are no changes in the issued and paid-up share capital of our Company and our subsidiaries within the last three years preceding the date of this Prospectus:-

Date of issue	Number of shares issued	Issue price (S$)	Resultant issued share capital	Resultant issued share capital (S$)	Purpose of issue
Y.E.S F&B Group					
1 November 2006	208,000	0.95	408,000	397,000	Capitalisation of convertible loan

6. Save as disclosed in paragraph 5 above and the section entitled "Share Capital" of this Prospectus, there has been no change to the issued share capital, the number and class of our Shares or voting rights of our Shares of our Company or any of our subsidiaries for the period of three years before the Latest Practicable Date. Save as disclosed in the section entitled "Share Capital" of this Prospectus, no capital of our Company or any of our subsidiaries has been paid for with assets other than cash, within the three years preceding the date of lodgement of the Prospectus.

7. No person has been, or is entitled to be, given an option to subscribe for any Shares in or debentures of our Company or any of our subsidiaries.

MATERIAL CONTRACTS

8. Neither our Company nor our subsidiaries has entered into material contracts, not being contracts entered into in the ordinary course of business, within the two years preceding the Latest Practicable Date.

LITIGATION

9. Neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant including those which are pending or known to be contemplated which may have or which have had in the last 12 months immediately preceding the date of lodgement of this Prospectus, a material effect on the financial position or the profitability of our Company or any of our subsidiaries.

MISCELLANEOUS

10. The nature of the business of our Company has been stated earlier in this Prospectus. The corporations which by virtue of Section 6 of the Companies Act are deemed to be related to our Company are set out in the section entitled "Group Structure" of this Prospectus.

11. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the date of this Prospectus.

12. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.

13. Save as disclosed in the section entitled "Management, Underwriting and Placement Agreements" of this Prospectus, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in, or debentures of, our Company or any of our subsidiaries.

14. No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the Latest Practicable Date, been acquired or disposed of by or leased to our Company or any of our subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

15. No expert is engaged on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in our Shares, or shares of any of our subsidiaries or has a material economic interest, whether direct or indirect, in our Company including an interest in the success of the Invitation.

16. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with The Bank of East Asia, Limited (the "Receiving Bank"). In the ordinary course of business, the Receiving Bank will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.

17. Save as disclosed in the section entitled "Risk Factors" of this Prospectus, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the public and which could materially affect the profits of our Company and our subsidiaries.

18. Save as disclosed in the sections entitled "Risk Factors" and "Trend Information" of this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:-

    (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditure;

    (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and

    (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.

19. Details, including the name, address and professional qualifications (including membership in a professional body) of the auditors of our Company for FY2003, FY2004, FY2005 and FP2006 are as follows:-

Name, membership and address	**Professional body**	**Partner-in-charge/ Professional qualification**
BDO Raffles Certified Public Accountants 5 Shenton Way #07-01 UIC Building Singapore 068808	Institute of Certified Public Accountants of Singapore	Tay Kim Chuan Patrick Certified Public Accountant

We currently have no intention of changing our auditors after the listing of our Company on the SGX-SESDAQ.

20. Save as disclosed in the section entitled "Trend Information" of this Prospectus, our Directors are not aware of any event which has occurred since the end of the period covered by "Auditors' Report on the Consolidated Financial Statements for the Financial Years Ended 31 December

2003, 2004 and 2005" as set out in Appendix I and "Auditors' Report on the Consolidated Interim Financial Statements for the Financial Period from 1 January 2006 to 30 September 2006" as set out in the Appendix II to the Latest Practicable Date which may have a material effect on the financial position and results of our Group.

CONSENTS

21. The Reporting Auditors have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the "Auditors' Report on the Consolidated Financial Statements for the Financial Years Ended 31 December 2003, 2004 and 2005" as set out in Appendix I, the "Auditors' Report on the Consolidated Interim Financial Statements for the Financial Period from 1 January 2006 to 30 September 2006" as set out in Appendix II and the "Report of the Independent Reporting Auditors on the Unaudited Proforma Group Financial Information" as set out in Appendix VI of this Prospectus in the form and context in which they are respectively included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

22. The Manager, the Placement Agent and the Underwriter have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Prospectus and to act in such respective capacities in relation to this Prospectus.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

23. This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this Prospectus misleading and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

RESPONSIBILITY STATEMENT BY THE MANAGER

24. The Manager acknowledges that, having made due and careful enquiry and to the best of its knowledge and belief, based on information furnished to it by our Group, this Prospectus constitutes a full and true disclosure of all material facts about the Invitation and our Group and it is not aware of any other facts, the omission of which would make statements herein misleading.

DOCUMENTS AVAILABLE FOR INSPECTION

25. The following documents or copies thereof may be inspected at our registered office at 171 Kampong Ampat, #03-11 KA FoodLink, Singapore 368330 during normal business hours for a period of six months from the date of registration of this Prospectus by the Authority:-

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

    (b) the "Auditors' Report on the Consolidated Financial Statements for the Financial Years Ended 31 December 2003, 2004 and 2005" as set out in Appendix I of this Prospectus;

    (c) the "Auditors' Report on the Consolidated Interim Financial Statements for the Financial Period from 1 January 2006 to 30 September 2006" as set out in Appendix II of this Prospectus;

    (d) the "Report of the Independent Reporting Auditors on the Unaudited Proforma Group Financial Information" as set out in Appendix VI of this Prospectus;

    (e) the letters of consent referred to in this Prospectus; and

    (f) the Service Agreements referred to in this Prospectus.

15 May 2007

The Board of Directors
Soup Restaurant Group Limited
171 Kampong Ampat
#03-11 KA FoodLink
Singapore 368330

We have audited the consolidated financial statements of Soup Restaurant Group Limited (the "Company") and its subsidiaries (the "Group") as set out on pages I-3 to I-36, comprising the consolidated balance sheets as at 31 December 2003, 2004 and 2005, consolidated profit and loss accounts, consolidated statements of changes in equity and consolidated cash flow statements for the financial years ended 31 December 2003, 2004 and 2005 and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group 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 as at 31 December 2003, 2004 and 2005 and of the results, changes in equity and cash flows of the Group for the financial years ended 31 December 2003, 2004 and 2005.

This report has been prepared solely in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Yours faithfully

BDO Raffles
Certified Public Accountants
Singapore

Tay Kim Chuan Patrick
Partner

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003, 2004 AND 2005

	Note	2003 $ (restated)	2004 $ (restated)	2005 $
Non-current assets				
Plant and equipment	4	1,579,260	2,503,715	1,797,590
Investments available-for-sale	5	–	197,000	197,000
Intangible assets	6	–	–	–
		1,579,260	2,700,715	1,994,590
Current assets				
Inventories	7	12,044	30,655	38,836
Trade and other receivables	8	1,024,953	1,318,947	1,296,875
Current income tax recoverable		–	106,208	64,508
Cash and cash equivalents	9	1,704,948	2,183,322	3,515,709
		2,741,945	3,639,132	4,915,928
Less: **Current liabilities**				
Trade and other payables	10	1,142,894	1,689,369	2,721,825
Finance lease payables	11	17,452	13,991	7,144
Provisions	12	–	–	164,983
Bank borrowings	13	–	755,651	–
Current income tax payable		314,726	155,191	357,875
		1,475,072	2,614,202	3,251,827
Net current assets		1,266,873	1,024,930	1,664,101
Less: **Non-current liabilities**				
Finance lease payables	11	6,847	35,656	28,512
Deferred tax liabilities	14	74,772	135,472	203,772
		81,619	171,128	232,284
		2,764,514	3,554,517	3,426,407
Capital and reserves				
Share capital	15	245,000	245,000	245,000
Accumulated profits		2,519,514	3,309,517	3,181,407
		2,764,514	3,554,517	3,426,407

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

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005

	Note	2003 $ (restated)	2004 $ (restated)	2005 $
Revenue	16	13,480,526	16,846,644	19,962,696
Other income	17	172,796	484,161	419,696
Changes in inventories		12,044	18,611	8,181
Purchases and other consumables		(3,294,894)	(4,087,510)	(4,826,402)
Employee benefits expenses	18	(4,817,269)	(5,999,421)	(6,601,993)
Depreciation of plant and equipment	4	(303,807)	(458,029)	(736,095)
Other expenses		(3,926,848)	(5,733,973)	(6,365,462)
Finance costs	19	(760)	(9,282)	(5,100)
Profit before income tax	20	1,321,788	1,061,201	1,855,521
Income tax	21	(295,928)	(222,198)	(483,631)
Profit after income tax attributable to equity holders		1,025,860	839,003	1,371,890
Earnings per share	22			
– Basic		4.1872	3.4245	5.5995
– Diluted		4.1872	3.4245	5.5995
– Based on Pre-Invitation shares		0.0140	0.0114	0.0187

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

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005

	Note	Share capital $	Accumulated profits $	Total attributable to equity holders of the Company $
Balance at 1 January 2003				
– as previously reported		245,000	1,526,444	1,771,444
– prior year adjustments	3	–	(32,790)	(32,790)
– as restated		245,000	1,493,654	1,738,654
Net profit for the financial year		–	1,025,860	1,025,860
Balance at 31 December 2003		245,000	2,519,514	2,764,514
Balance at 1 January 2004				
– as previously reported		245,000	2,599,354	2,844,354
– prior year adjustments	3	–	(79,840)	(79,840)
– as restated		245,000	2,519,514	2,764,514
Net profit for the financial year		–	839,003	839,003
Dividends	23	–	(49,000)	(49,000)
Balance at 31 December 2004		245,000	3,309,517	3,554,517
Balance at 1 January 2005				
– as previously reported		245,000	3,440,057	3,685,057
– prior year adjustments	3	–	(130,540)	(130,540)
– as restated		245,000	3,309,517	3,554,517
Net profit for the financial year		–	1,371,890	1,371,890
Dividends	23	–	(1,500,000)	(1,500,000)
Balance at 31 December 2005		245,000	3,181,407	3,426,407

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

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005

	Note	2003 $ (restated)	2004 $ (restated)	2005 $
Cash flows from operating activities				
Profit before income tax		1,321,788	1,061,201	1,855,521
Adjustments for:				
Allowance for doubtful trade receivables	8	–	127,185	34,302
Allowance for doubtful non-trade receivables	8	–	–	24,000
Bad non-trade receivables written off		–	–	1,590
Depreciation of plant and equipment	4	303,807	458,029	736,095
Impairment in value of goodwill	6	16,178	–	–
Plant and equipment written off		–	–	189,711
Impairment in value of Investments available-for-sale	5	–	–	120,000
Interest expense		760	9,282	5,100
Interest income		(2,072)	(39,070)	(16,930)
Loss on disposal of plant and equipment		–	76,357	32,330
Operating profit before working capital changes		1,640,461	1,692,984	2,981,719
Working capital changes:				
Inventories		(12,044)	(18,611)	(8,181)
Trade and other receivables		(318,311)	(421,179)	(37,820)
Trade and other payables		290,412	546,475	1,032,456
Cash generated from operations		1,600,518	1,799,669	3,968,174
Income taxes paid		(116,364)	(427,241)	(170,947)
Interest paid		(760)	(9,282)	(5,100)
Interest received		2,072	39,070	16,930
Net cash from operating activities		1,485,466	1,402,216	3,809,057
Cash flows from investing activities				
Net cash inflow from acquisition of a subsidiary		11,427	–	–
Proceeds from disposal of plant and equipment		–	1,610	33,917
Purchase of investments available-for-sale		–	(197,000)	(120,000)
Purchases of plant and equipment	4	(1,128,264)	(1,411,451)	(120,945)
Net cash used in investing activities		(1,116,837)	(1,606,841)	(207,028)

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

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

	Note	2003 $ (restated)	2004 $ (restated)	2005 $
Cash flows from financing activities				
Dividends paid	23	–	(49,000)	(1,500,000)
Fixed deposits pledged		–	(1,096,291)	129,544
Proceeds from/(repayment of) bank borrowings		–	755,651	(755,651)
Repayments of finance lease obligations		(10,601)	(23,652)	(13,991)
Net cash used in financing activities		(10,601)	(413,292)	(2,140,098)
Net change in cash and cash equivalents		358,028	(617,917)	1,461,931
Cash and cash equivalents at beginning of financial year		1,308,187	1,666,215	1,048,298
Cash and cash equivalents at end of financial year	9	1,666,215	1,048,298	2,510,229

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

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005

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

1. General corporate information

Soup Restaurant Group Limited (the "Company") was incorporated in Singapore on 20 July 1991 as an exempt private limited company under the name Soup Restaurant Pte Ltd. The Company changed its name to Soup Restaurant Group Pte Ltd on 23 March 2007. Further, in connection with its conversion into a public company limited by shares, the Company changed its name to Soup Restaurant Group Limited on 26 March 2007.

The Group's financial statements for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005 were approved by the Board of Directors on 15 May 2007.

The address of the Company's registered office and principal place of business is at 171 Kampong Ampat, #03-11 KA FoodLink, Singapore 368330. The Company's registration number is 199103597Z.

The principal activities of the Company are those of restaurant operations and investment holding company. The principal activities of the subsidiaries are set out in Note 2(a) to the financial statements.

2. Significant accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("Act") and Singapore Financial Reporting Standards ("FRS") including the related Interpretations of Financial Reporting Standards ("INT FRS").

The financial information are based on the audited statutory financial statements of the Group, after making such adjustments considered necessary. Such Group financial information are presented on the basis of the accounting polices set out below.

BDO Raffles, Certified Public Accountants, Singapore has been appointed the auditor of the Company, Soup Restaurant (Seah Street) Pte Ltd, Soup Restaurant (Jurong Point) Pte Ltd, Soup Restaurant (Causeway Point) Pte Ltd, Soup Restaurant (SC) Pte Ltd and Soup Restaurant Investments Pte. Ltd. and has audited the statutory financial statements for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005.

The auditors' reports on the audited statutory financial statements of companies within the Group were not subject to any qualification, modification or disclaimer for the past three financial years ended 31 December 2003, 31 December 2004 and 31 December 2005.

**SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)**

2. Significant accounting policies (Continued)

(a) Basis of preparation of financial statements (Continued)

As at 31 December 2005, the Group consists of the following companies:

Name of company	Country of incorporation	Principal activities	Effective equity interest %
Soup Restaurant Group Limited	Singapore	Restaurant operations and investment holding	100
Soup Restaurant (Seah Street) Pte Ltd	Singapore	Restaurant operations	100
Soup Restaurant (Jurong Point) Pte Ltd	Singapore	Restaurant operations	100
Soup Restaurant (Causeway Point) Pte Ltd	Singapore	Restaurant operations	100
Soup Restaurant (SC) Pte Ltd	Singapore	Restaurant operations	100
Soup Restaurant Investments Pte. Ltd.	Singapore	Investment holding	100

Subsequent to 31 December 2005, the Group acquired a subsidiary company as disclosed in Notes 28(a) to the financial statements.

The preparation of financial statements in conformity with FRS requires management to exercise judgement in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement of complexity, are disclosed in Note 2(t) to the financial statements.

The financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below.

(b) Changes in accounting standards

From 1 January 2005, the Group adopted all the new and revised FRS and INT FRS issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS has no material effect on the financial statements.

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

2. Significant accounting policies (Continued)

(b) Changes in accounting standards (Continued)

FRS and INT FRS issued but not yet effective

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1	: Amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosure)	1 January 2008
FRS 40	: Investment Property	1 January 2007
FRS 102	: Share-based Payment	1 January 2006
FRS 106	: Exploration for and Evaluation of Mineral Resources	1 January 2006
FRS 107	: Financial Instruments: Disclosures	1 January 2008
FRS 108	: Operating Segments	1 January 2009
INT FRS 104	: Determining whether an Arrangement Contains a Lease	1 January 2006
INT FRS 105	: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2006
INT FRS 106	: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 December 2005
INT FRS 107	: Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies	1 March 2006
INT FRS 108	: Scope of FRS 102	1 May 2006
INT FRS 109	: Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110	: Interim Financial Reporting and Impairment	1 November 2006
INT FRS 111	: FRS12 - Group and Treasury Share Transactions	1 March 2007
INT FRS 112	: Service Concession Arrangements	1 January 2008

The Group expects that the adoption of the above pronouncements, if applicable, will have no material impact on the financial statements in the period of initial application.

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

2. Significant accounting policies (Continued)

(c) Basis of consolidation

The purchase method of accounting is used to account for the acquisitions of subsidiaries and businesses. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Goodwill is initially measured at cost being the excess of the cost of a business combination or cost of an acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less impairment in value, if any.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as negative goodwill in the profit and loss accounts of the Group on the date of acquisition.

(d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

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

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit and loss accounts.

**SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)**

2. Significant accounting policies (Continued)

(d) Plant and equipment (Continued)

Depreciation is calculated on the straight-line method so as to write off the cost of the plant and equipment over their estimated useful lives as follows:

	Years
Air-conditioners	6
Computer	3
Electrical equipment	6
Furniture and fittings	6
Kitchen equipment	6
Motor vehicles	6
Office equipment	6
Renovation	3 - 6

The residual values, useful life and depreciation method are reviewed at each balance sheet date to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Fully depreciated plant and equipment are retained in the financial statements until such time when they are no longer in use.

(e) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating polices, generally accompanying a shareholding, of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

(f) Impairment

Non-financial assets other than goodwill

The carrying amount of the Group's non-financial asset is reviewed at each balance sheet date to determine whether there is any indication of impairment in value and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment in value is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment in value are recognised in the profit and loss accounts.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

2. **Significant accounting policies** (Continued)

(f) **Impairment** (Continued)

Non-financial assets other than goodwill (Continued)

An impairment in value is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment in value is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment in value has been recognised. All reversals of impairment in value are recognised in the profit and loss accounts.

Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit including the goodwill, the impairment in value is recognised in the profit and loss accounts and allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment in value recognised for goodwill is not reversed in a subsequent period.

Financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets measured at amortised cost

If there is objective evidence that an impairment in value on loans and receivables measured at amortised cost has been incurred, the amount of the impairment in value is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment in value is recognised in the profit and loss accounts.

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

**SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)**

2. Significant accounting policies (Continued)

(f) Impairment (Continued)

Impairment of financial assets *(Continued)*

Available-for-sale financial assets

If there is objective evidence that an impairment in value on an unquoted equity investment that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the impairment in value is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment in value recognised is not reversed in future periods.

Where an investment classified as available-for-sale is sold, any accumulated fair value adjustment in the fair value reserve within equity is included in the profit and loss accounts as part of the gain or loss on sale.

(g) Financial assets

The Group classifies its financial assets in the following categories, as applicable: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable. As at the balance sheet date, the Group did not have any financial assets in the category of financial assets at fair value through profit or loss or held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in the preceding category. They are included in non-current assets unless the Directors intend to dispose of the assets within 12 months after the balance sheet date.

After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value reserve within equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss accounts.

The fair value of investments where there is no active market, is determined using valuation techniques. Such techniques include using arm's length market transactions, reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and options pricing models.

2. Significant accounting policies (Continued)

(g) Financial assets (Continued)

For investment where there is no active market and where fair value cannot be reliably measured, they are measured at cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment in value previously recognised in consolidated profit and loss accounts, is transferred from equity to the profit and loss accounts. Reversals in respect of equity instruments classified as available-for-sale are not recognised in consolidated profit and loss accounts.

Loans and receivables

Loans and receivables of the Group and the Company are carried at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss accounts when the loans and receivables are derecognised or impaired as well as through the amortisation process.

(i) Trade and other receivables

Trade and other receivables are classified and accounted as loans and receivables under FRS 39 and are recognised initially at original invoiced amount, which represents fair value, and are subsequently measured at amortised cost using the effective interest method less allowance for impairment in value.

An allowance for impairment in value of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the profit and loss accounts.

(ii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash with banks and fixed deposit with a bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2. Significant accounting policies (Continued)

(h) Financial liabilities

The accounting policy adopted for specific financial liability is set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss accounts when the liabilities are derecognised as well as through the amortisation process.

(ii) Finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Finance lease payments are apportioned between the finance charges and reduction of the finance lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charged to the profit and loss accounts.

Capitalised leased asset are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the finance lease term.

(i) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset) is derecognised when it is sold or settled.

Financial liabilities

A financial liability is derecognised when the contractual obligation has been discharged or cancelled or expires.

(j) Inventories

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

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

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made for obsolete, slow-moving and defective inventories.

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

2. Significant accounting policies (Continued)

(k) Leases

When a group company is the lessee

Operating lease

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

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

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable 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. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(m) Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxed.

Revenue is recognised upon the billing of food and beverages to customers

Franchise and royalty fees are recognised on an accrual basis.

Interest income is recognised on a time-apportionment basis.

(o) Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the profit and loss accounts in the same financial year as the employment that gives rise to the contributions.

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

2. Significant accounting policies (Continued)

(o) Employee benefits (Continued)

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the balance sheet date.

(p) Finance costs

Interest expenses and similar charges are expensed in the profit and loss accounts in the financial year in which they are incurred. The interest component of finance lease payments is recognised in the profit and loss accounts at the effective interest rate applicable.

(q) Income tax

Income tax for the financial year comprises current and deferred taxes. Income tax is recognised in the profit and loss accounts except to the extent that it relates to items recognised directly in equity, in which case such income tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous financial years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and can be offset.

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

2. Significant accounting policies (Continued)

(r) Dividends

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

(s) Foreign currencies

The individual financial statements of each entity in the Group are measured in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional and presentation currency of the Group.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are measured at fair value in a foreign currency are translated to the functional currency using the exchange rates prevailing at the date the fair value was determined.

Exchange differences arising on the settlement of monetary items and on translation of monetary items at the balance sheet date are recognised in the profit and loss accounts for the financial year.

(t) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of plant and equipment

These assets are depreciated on a straight-line method over their estimated useful lives. The Directors of the Company estimate the useful lives of these assets to be within 3 to 6 years. The carrying amount of the Group's plant and equipment at 31 December 2003, 2004 and 2005 were $1,579,260, $2,503,715 and $1,797,590. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

2. Significant accounting policies (Continued)

(t) Significant accounting estimates and judgements (Continued)

Critical judgements made in applying accounting policies

The following are the judgements made by the Directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Impairment of financial assets

The Directors follow the guidance of FRS 39 on determining when a financial asset is other than temporarily impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

3. Prior year adjustments

The Group has adjusted downwards the opening accumulated profits as at 1 January 2003, 1 January 2004 and 1 January 2005 by $32,790, $79,840 and $130,540 respectively, representing contributions to a defined contribution plan for temporary and casual workers previously not accrued for in prior years. Furthermore, the Group's profits for the financial year ended 31 December 2003 and 31 December 2004 were reduced by $47,050 and $50,700 respectively.

The figures for the following items have been restated accordingly:

	2003 As previously reported $	2003 As restated $
Balance sheet		
Trade and other payables	1,063,054	1,142,894
Accumulated profits	2,599,354	2,519,514
Profit and loss account		
Employee benefits expenses	(4,770,219)	(4,817,269)

	2004 As previously reported $	2004 As restated $
Balance sheet		
Trade and other payables	1,558,829	1,689,369
Accumulated profits	3,440,057	3,309,517
Profit and loss account		
Employee benefits expenses	5,948,721	5,999,421

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

4. Plant and equipment

	Air-conditioners $	Computer $	Electrical equipment $	Furniture and fittings $	Kitchen equipment $	Motor vehicles $	Office equipment $	Renovation $	Total $
Cost									
Balance at 1 January 2003	210,710	92,409	209,079	366,032	568,412	8,980	27,324	968,324	2,451,270
Additions	87,950	67,344	94,269	122,471	333,656	62,020	15,715	379,739	1,163,164
Balance at 31 December 2003	298,660	159,753	303,348	488,503	902,068	71,000	43,039	1,348,063	3,614,434
Accumulated depreciation									
Balance at 1 January 2003	134,082	92,409	145,387	249,840	402,275	–	19,811	687,563	1,731,367
Depreciation charged for the financial year	27,315	18,280	23,853	36,451	78,348	11,011	3,461	105,088	303,807
Balance at 31 December 2003	161,397	110,689	169,240	286,291	480,623	11,011	23,272	792,651	2,035,174
Net book value									
Balance at 31 December 2003	137,263	49,064	134,108	202,212	421,445	59,989	19,767	555,412	1,579,260

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

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

	Air-conditioners $	Computer $	Electrical equipment $	Furniture and fittings $	Kitchen equipment $	Motor vehicles $	Office equipment $	Renovation $	Total $
Cost									
Balance at 1 January 2004	298,660	159,753	303,348	488,503	902,068	71,000	43,039	1,348,063	3,614,434
Additions	115,328	29,152	111,822	267,468	268,022	49,000	5,836	613,823	1,460,451
Disposals	(29,767)	(7,987)	(46,211)	(43,926)	(111,768)	–	(5,126)	(216,363)	(461,148)
Balance at 31 December 2004	384,221	180,918	368,959	712,045	1,058,322	120,000	43,749	1,745,523	4,613,737
Accumulated depreciation									
Balance at 1 January 2004	161,397	110,689	169,240	286,291	480,623	11,011	23,272	792,651	2,035,174
Depreciation charged for the financial year	38,743	28,582	36,568	62,040	111,867	12,514	4,691	163,024	458,029
Disposals	(24,806)	(7,987)	(38,416)	(36,177)	(91,221)	–	(4,272)	(180,302)	(383,181)
Balance at 31 December 2004	175,334	131,284	167,392	312,154	501,269	23,525	23,691	775,373	2,110,022
Net book value									
Balance at 31 December 2004	208,887	49,634	201,567	399,891	557,053	96,475	20,058	970,150	2,503,715

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

	Air-conditioners $	Computer $	Electrical equipment $	Furniture and fittings $	Kitchen equipment $	Motor vehicles $	Office equipment $	Renovation $	Total $
Cost									
Balance at 1 January 2005	384,221	180,918	368,959	712,045	1,058,322	120,000	43,749	1,745,523	4,613,737
Additions	34,895	8,017	31,025	8,715	27,199	–	2,711	173,366	285,928
Written off	(6,625)	–	(24,305)	(41,328)	(11,342)	–	(560)	(141,039)	(225,199)
Disposals	(40,612)	(3,410)	(4,784)	(9,695)	(20,171)	–	(1,170)	–	(79,842)
Balance at 31 December 2005	371,879	185,525	370,895	669,737	1,054,008	120,000	44,730	1,777,850	4,594,624
Accumulated depreciation									
Balance at 1 January 2005	175,334	131,284	167,392	312,154	501,269	23,525	23,691	775,373	2,110,022
Depreciation charged for the financial year	48,173	33,520	46,119	81,338	124,741	20,000	5,041	377,163	736,095
Written off	(1,090)	–	(3,375)	(4,997)	(2,706)	–	(257)	(23,063)	(35,488)
Disposals	(6,543)	(1,662)	(698)	(1,361)	(3,153)	–	(178)	–	(13,595)
Balance at 31 December 2005	215,874	163,142	209,438	387,134	620,151	43,525	28,297	1,129,473	2,797,034
Net book value									
Balance at 31 December 2005	156,005	22,383	161,457	282,603	433,857	76,475	16,433	648,377	1,797,590

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

4. Plant and equipment (Continued)

As at balance sheet date, the net book values of plant and equipment which were acquired under finance lease agreements were as follows:

	2003 $	2004 $	2005 $
Kitchen equipment	27,125	21,958	–
Motor vehicles	13,156	59,008	48,375
	40,281	80,966	48,375

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

	2003 $	2004 $	2005 $
Additions of plant and equipment	1,163,164	1,460,451	285,928
Provision for dismantlement, removal or restoration	–	–	(164,983)
Acquired under finance lease agreements	(34,900)	(49,000)	–
Cash payments to acquire plant and equipment	1,128,264	1,411,451	120,945

5. Investments available-for-sale

	2003 $	2004 $	2005 $
Unquoted investments			
Convertible loan I	–	197,000	197,000
Convertible loan II	–	–	120,000
	–	197,000	317,000
Allowance for impairment in value	–	–	(120,000)
	–	197,000	197,000

The convertible loans are stated at cost as Directors are of the view that the nature and stage of these investments are such that their fair values cannot be measured reliably and it is also not possible to disclose the range of estimates within which a fair value is highly likely to lie as the loans are convertible to unquoted equity shares.

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

5. Investments available-for-sale (Continued)

The convertible loans to third parties are unsecured and interest-free. The period in which, or the date at which, the convertible options can be exercised and the conversion ratios are to be mutually agreed between the Group and the third parties. Convertible loan I and II are convertible to new ordinary shares of the third parties up to a maximum of 51% and 30% respectively, of the issued and paid-up capital of the third parties. On 1 November 2006, the Group has converted Convertible loan I into 208,000 ordinary shares of Y.E.S F&B Group Pte. Ltd. comprising 50.98% of Y.E.S F&B Group Pte. Ltd.'s enlarged share capital.

An allowance for impairment in value of $Nil, $Nil and $120,000 in 2003, 2004 and 2005 respectively was recognised in the profit and loss accounts subsequent to an assessment performed on the convertible loans by the Directors.

All convertible loans are denominated in Singapore dollars.

6. Intangible asset

Goodwill	**2003**	**2004**	**2005**
	$	**$**	**$**
Cost			
Balance at beginning of financial year	–	16,178	–
Addition	16,178	–	–
Disposal	–	(16,178)	–
Balance at end of financial year	16,178	–	–
Allowance for impairment in value			
Balance at beginning of financial year	–	16,178	–
Impairment for the financial year	16,178	–	–
Disposal	–	(16,178)	–
Balance at end of financial year	16,178	–	–
Net book value			
Balance at end of financial year	–	–	–

7. Inventories

	2003	**2004**	**2005**
	$	**$**	**$**
Consumables, at cost	12,044	30,655	38,836

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

8. Trade and other receivables

	2003 $	2004 $	2005 $
Trade receivables	110,817	348,427	310,666
Allowance for doubtful receivables	–	(127,185)	(161,487)
	110,817	221,242	149,179
Other receivables	161,993	171,461	33,869
Deposits	688,577	899,862	945,891
Deposit for investment	40,000	–	–
Loans			
- third parties	–	–	140,002
- allowance for doubtful receivables	–	–	(24,000)
	–	–	116,002
Prepayments	23,566	26,382	51,934
	1,024,953	1,318,947	1,296,875

Trade and other receivables are non-interest bearing and generally on 30 days' terms.

Allowances for doubtful trade receivables of $Nil, $127,185 and $34,302 in 2003, 2004 and 2005 respectively were recognised in the profit and loss accounts subsequent to a debt recovery assessment performed on trade receivables.

Deposit for investment was an initial payment in accordance with a share subscription agreement to acquire 130,000 new ordinary shares of $1 each of Y.E.S F&B Group Pte. Ltd. ("YES") for the consideration of $130,000. The deposit for investment was increased to $197,000 and converted to an interest-free convertible loan with an option to convert part or full principal sum into new ordinary shares of YES, up to a maximum limit of 51% of the issued and paid-up capital of YES. (Note 5)

Loans to third parties are unsecured, interest-free and repayable on demand. An allowance for doubtful loan receivables of $Nil, $Nil and $24,000 in 2003, 2004 and 2005 respectively was recognised in the profit and loss accounts subsequent to a debt recovery assessment performed on the third party.

Trade and other receivables are denominated in Singapore dollars.

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

9. Cash and cash equivalents

Cash and cash equivalents comprise the following balance sheets amounts:

	2003 $	2004 $	2005 $
Fixed deposit with a bank	52,805	1,135,024	1,005,480
Cash and bank balances	1,652,143	1,048,298	2,510,229
Cash and cash equivalents as per balance sheets	1,704,948	2,183,322	3,515,709
Fixed deposit pledged	(38,733)	(1,135,024)	(1,005,480)
Cash and cash equivalents as per cash flow statements	1,666,215	1,048,298	2,510,229

The Group has pledged its fixed deposits amounting to $38,733, $1,135,024 and $1,005,480 in 2003, 2004 and 2005 respectively as security for bankers' guarantee issued in favour of a third party in lieu of rental deposit in 2003 and as security for banking facilities granted to a subsidiary of the Group amounting to Euro 7,500,000 in 2004 and 2005 as set out in Note 13 to the financial statements.

Fixed deposits are placed for tenures of 366 days, 30 days and 30 days in 2003, 2004 and 2005 respectively and the effective interest rate on the fixed deposits is approximately 1.25%, 5.05% and 2.65% per annum in 2003, 2004 and 2005 respectively.

Cash and cash equivalents are denominated in the following currencies:

	2003 $	2004 $	2005 $
Singapore dollars	1,704,948	1,119,267	3,515,671
Australian dollars	–	1,064,055	38
	1,704,948	2,183,322	3,515,709

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

10. Trade and other payables

	2003 $ (restated)	2004 $ (restated)	2005 $
Trade payables	470,282	545,209	605,413
Other payables	124,658	422,797	233,820
Deferred income	–	–	44,810
Accrued operating expenses	493,781	649,463	756,519
Unutilised annual leave	54,173	71,900	81,261
Amounts due to shareholders	–	–	1,000,002
	1,142,894	1,689,369	2,721,825

Trade and other payables are non-interest bearing and generally on 30 days' terms.

Deferred income represents the unexpired portion of revenue from unutilised redeemable vouchers.

The amounts due to shareholders are non-trade in nature, unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in Singapore dollars.

11. Finance lease payables

	Minimum lease payments $	Future finance charges $	Present value of payments $
2003			
Within one financial year	18,684	(1,232)	17,452
After one financial year but within five financial years	7,320	(473)	6,847
	26,004	(1,705)	24,299
2004			
Within one financial year	15,876	(1,885)	13,991
After one financial year but within five financial years	42,718	(7,062)	35,656
	58,594	(8,947)	49,647
2005			
Within one financial year	8,556	(1,412)	7,144
After one financial year but within five financial years	34,162	(5,650)	28,512
	42,718	(7,062)	35,656

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

11. Finance lease payables (Continued)

The finance lease payables are denominated in Singapore dollars.

The lease terms range from 2 years to 6 years.

The effective interest rates charged ranged from between 3% to 4.875%, 3% to 4.875% and 5.63% to 9.10% per annum in 2003, 2004 and 2005 respectively.

Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

12. Provisions

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

Movements in the provisions were as follows:

	2003 $	2004 $	2005 $
Balance at beginning of financial year	–	–	–
Provision made during the financial year	–	–	164,983
Balance at end of end of financial year	–	–	164,983

13. Bank borrowings

	2003 $	2004 $	2005 $
Repayable within one financial year			
– bank revolving term loan	–	755,651	–

The bank revolving term loan was due for repayment within 2 months and secured by a pledge on the fixed deposits with a bank amounting to $Nil, $1,135,024 and $1,005,480 in 2003, 2004 and 2005 respectively. The average effective interest rate on the bank revolving term loan is approximately Nil, 2.0% to 2.5% and 1.1% per annum in 2003, 2004 and 2005 respectively.

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

13. Bank borrowings (Continued)

The Group has banking facilities as follows:

	2003 $	2004 $	2005 $
Banking facilities granted	–	16,702,500	14,789,982
Banking facilities utilised	–	755,651	–

The bank revolving term loan was denominated in Euro.

14. Deferred tax liabilities

	2003 $	2004 $	2005 $
Balance at beginning of the financial year	4,377	74,772	135,472
Transfer to profit and loss accounts	70,395	60,700	68,300
Balance at end of the financial year	74,772	135,472	203,772

Recognised deferred tax liabilities are attributable to the following:

	2003 $	2004 $	2005 $
Plant and equipment	86,686	149,713	219,561
Unutilised annual leave	(11,914)	(14,241)	(16,254)
Others	–	–	465
	74,772	135,472	203,772

15. Share capital

	2003 $	2004 $	2005 $
Authorised			
300,000 ordinary shares of $1 each	300,000	300,000	300,000
Issued and fully-paid			
245,000 ordinary shares of $1 each	245,000	245,000	245,000

The Companies (Amendment) Act 2005 came into effect on 30 January 2006. Among other things, the Act was amended to abolish the concepts of par value, authorised share capital, share premium, capital redemption reserve and share discounts. As a result of these amendments, the Company has an issued and paid-up share capital of $245,000 comprising 245,000 ordinary shares and no authorised share capital.

**SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)**

16. Revenue

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

17. Other income

	2003 $	2004 $	2005 $
Bank interest income	2,072	1,404	496
Fixed deposit interest income	–	37,666	16,434
Collaboration fee	155,569	328,708	386,224
Foreign exchange gain	–	49,845	6,954
Franchise fee	–	60,000	–
Government grant	15,155	–	–
Royalty fee	–	6,118	9,010
Others	–	420	578
	172,796	484,161	419,696

18. Employee benefits expenses

	2003 $ (restated)	2004 $ (restated)	2005 $
Salaries, wages and bonuses	4,198,067	5,336,933	5,898,798
Contributions to defined contribution plans	455,052	445,256	443,923
Other employee benefits	164,150	217,232	259,272
	4,817,269	5,999,421	6,601,993

These include the amounts shown as Directors' remuneration in Note 25 to the financial statements.

19. Finance costs

	2003 $	2004 $	2005 $
Interest expense			
– finance leases	760	1,232	1,885
– bank revolving term loan	–	8,050	3,215
	760	9,282	5,100

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

20. Profit before income tax

The above is arrived at:

	2003 $ (restated)	2004 $ (restated)	2005 $
After charging:			
Bad non-trade receivables written off	–	–	1,590
Impairment in value of goodwill	16,178	–	–
Operating lease expenses	1,966,334	2,942,347	3,298,763
Plant and equipment written off	–	–	189,711
Loss on disposal of plant and equipment	–	76,357	32,330

21. Income tax

	2003 $	2004 $	2005 $
Current tax			
– current financial year	225,791	161,600	407,075
– (over)/underprovision in prior financial years	(258)	(102)	8,256
	225,533	161,498	415,331
Deferred tax			
– current financial year	69,930	69,190	(10,159)
– under/(over)provision in prior financial years	465	(8,490)	78,459
	70,395	60,700	68,300
	295,928	222,198	483,631

Reconciliation of effective tax rate

	2003	2004	2005
Profit before income tax	1,321,788	1,061,201	1,855,521
Income tax calculated at statutory tax rate of 22%, 20%, 20% respectively	290,793	212,240	371,104
Expenses non-deductible for income tax purposes	36,311	48,415	60,045
Effect of change in statutory tax rate	–	(3,838)	–
Singapore's statutory stepped income exception	–	(27,596)	(32,650)
Income not subject to income tax	(34,650)	–	(1,390)
Under/(over)provision in prior financial years	207	(8,592)	86,715
Others	3,267	1,569	(193)
	295,928	222,198	483,631

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

22. Earnings per share

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to equity holders for the financial years ended 31 December 2003, 2004 and 2005 by the actual number of ordinary shares in issue in the relevant periods.

The Group does not have any dilutive options for the relevant periods.

The calculations for earnings per share based on Pre-Invitation share capital for the relevant periods are based on the profit attributable to equity holders for the financial years ended 31 December 2003, 2004 and 2005 on the assumption that Pre-Invitation share capital of 73,500,000 ordinary shares are in issue as at the date of the Prospectus.

23. Dividends

	2003 $	2004 $	2005 $
Interim dividends paid of approximately $Nil and $0.25 per share less income tax at 22% and 20% and $6.12 tax exempt dividends respectively	–	49,000	1,500,000

24. Operating lease commitments

As at balance sheet date, there were operating lease commitments for equipment and rental of premises payable in subsequent accounting periods as follows:

	2003 $	2004 $	2005 $
Future minimum lease payments			
– within one financial year	2,231,797	2,849,411	2,328,694
– after one financial year but within five financial years	2,674,788	2,266,002	1,621,297
	4,906,585	5,115,413	3,949,991

The current rental payables under the leases of equipment and premises are subject to revision after expiry. The above commitments were based on prevailing rental rates for the current financial year. Some of the operating leases of premises provide for rentals based on percentage of sales derived from the rented premises.

25. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

25. Significant related party transactions (Continued)

In addition to the information disclosed elsewhere in the financial statements, the following are significant related party transactions at rates and terms agreed between the parties:

	2003 $	2004 $	2005 $
Operating lease expense paid to a related party	45,000	–	–
Acquisition of subsidiary from shareholders	2	–	–
Advances from shareholders	–	–	1,000,002

Compensation of key management personnel

The remuneration of Directors of the Group for the financial years ended 31 December 2003, 2004 and 2005 are as follows:

	2003 $	2004 $	2005 $
Directors' fees	–	20,000	–
Short-term benefits	514,901	569,921	591,360
Post-employment benefits	77,868	73,753	71,064
	592,769	663,674	662,424

26. Segment information

The Group has only one primary business segment, which is that of restaurant operations. All the Group's sales and assets are in Singapore. Accordingly, no business and geographical segment information is presented.

27. Financial risk management

The Group is exposed to financial risk arising from the normal course of business. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest and foreign exchange rates.

(a) Credit risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an on going basis. The maximum exposure to credit risk is represented by the carrying amounts of each financial asset on the balance sheets.

The Group has no significant concentration of credit risk, except the convertible loans and loans to third parties, due to the nature of its business.

(b) Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to interest-bearing fixed deposits, revolving bank term loan and finance lease obligations with financial institutions.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

27. Financial risk management (Continued)

(c) Foreign currency risk

The Group incurs foreign currency risk on transactions and balances that are denominated in currency other than Singapore dollars. The currency giving rise to this risk is primarily Australian dollars and Euro.

(d) Liquidity risk

The Group actively manages its operating cash flows so as to finance the Group's operations. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

(e) Fair values

The carrying amounts of all the financial assets and liabilities in the financial statements approximate their fair value, except for unquoted investments. For unquoted investments, it is not practicable to determine fair values because of the lack of quoted market prices and the assumptions used in valuation models to value theses investments cannot be reasonably determined.

28. Events after the balance sheet date

(a) On 1 November 2006, the Group has completed the acquisition of Y.E.S F & B Group Pte. Ltd. for a total consideration of $197,000 by way of conversion of the convertible loan.

In the opinion of the Directors, disclosure of the carrying amounts and fair value of the identifiable assets and liabilities of the acquired subsidiary as at the date of acquisitions is impracticable as there is no readily available fair value on Y.E.S F & B Group Pte. Ltd. as the Group has not engaged an independent valuer to value the acquired subsidiary.

(b) At an extraordinary general meeting held on 23 March 2007 and 24 April 2007, the shareholders approved, *inter alia*, the following:

(i) the capitalisation of $490,000 out of the accumulated profits by way of a bonus issue of 490,000 ordinary shares fully paid to the shareholders of the Company (the "Bonus Issue");

(ii) the sub-division of the issued share capital of 735,000 ordinary shares with the issued and paid-up capital of $735,000 in the capital of the Company be sub-divided into 73,500,000 ordinary shares on the basis from one ordinary share into 100 ordinary shares (the "Share Split");

(iii) the conversion of the Company into a public limited company and the change of the Company's name to Soup Restaurant Group Limited;

(iv) the adoption of a new set of Articles of Association;

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005 (Continued)

28. Events after the balance sheet date (Continued)

(v) the issue of 26,000,000 ordinary shares ("New Shares") which are the subject of the invitation on the basis that the New Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares; and

(vi) the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to

(i) issue ordinary shares whether by way of rights, bonus or otherwise (including ordinary shares as may be issued pursuant to any Instrument (as defined below) made or granted by the Directors while the resolution is in force notwithstanding that the authority conferred by the resolution may have ceased to be in force at the time of issue of such ordinary shares), and/or

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

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 the aggregate number of ordinary shares issued pursuant to such authority (including ordinary shares issued pursuant to any Instrument but excluding ordinary shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company), shall not exceed 50 per cent of the issued share capital of the Company immediately after the invitation, and provided that the aggregate number of such ordinary shares to be issued other than on a *pro rata* basis in pursuance to such authority (including ordinary shares issued pursuant to any Instrument but excluding ordinary shares which may be issued pursuant to any Adjustment effected under any relevant Instrument) to the existing shareholders shall not exceed 20 per cent of the issued share capital of the Company immediately after the invitation, and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

15 May 2007

The Board of Directors
Soup Restaurant Group Limited
171 Kampong Ampat
#03-11 KA FoodLink
Singapore 368330

We have audited the accompanying consolidated interim financial statements of Soup Restaurant Group Limited (the "Company") and its Subsidiaries (the "Group") as set out on pages II-3 to II-32, comprising the consolidated interim balance sheet as at 30 September 2006, consolidated interim profit and loss account, consolidated interim statement of changes in equity and consolidated interim cash flow statement for the financial period from 1 January 2006 to 30 September 2006 and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying consolidated interim financial statements of the Group 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 as at 30 September 2006 and of the results, changes in equity and cash flows of the Group for the financial period from 1 January 2006 to 30 September 2006.

This report has been prepared solely in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Yours faithfully

BDO Raffles
Certified Public Accountants
Singapore

Tay Kim Chuan Patrick
Partner

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2006

	Note	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Non-current assets			
Plant and equipment	4	1,764,567	1,797,590
Investments available-for-sale	5	197,000	197,000
		1,961,567	1,994,590
Current assets			
Inventories	6	42,305	38,836
Trade and other receivables	7	1,564,239	1,296,875
Current income tax recoverable		46,008	64,508
Cash and cash equivalents	8	2,415,681	3,515,709
		4,068,233	4,915,928
Less:			
Current liabilities			
Trade and other payables	9	1,352,483	2,721,825
Finance lease payables	10	7,143	7,144
Provisions	11	177,941	164,983
Current income tax payable		285,219	357,875
		1,822,786	3,251,827
Net current assets		2,245,447	1,664,101
Less:			
Non-current liabilities			
Finance lease payables	10	23,155	28,512
Deferred tax liabilities	12	204,683	203,772
		227,838	232,284
		3,979,176	3,426,407
Capital and reserves			
Share capital	13	245,000	245,000
Accumulated profits		3,734,176	3,181,407
		3,979,176	3,426,407

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

SOUP RESTAURANT GROUP LIMITED
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CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006

	Note	Nine months ended 30 September 2006 (Audited) $	2005 (Unaudited) $
Revenue	14	15,211,905	14,861,251
Other income	15	166,852	336,712
Changes in inventories		3,470	4,479
Purchases and other consumables		(3,593,936)	(3,616,748)
Employee benefits expenses	16	(4,871,847)	(5,033,288)
Depreciation of plant and equipment	4	(578,161)	(558,409)
Other expenses		(4,433,825)	(4,962,554)
Finance costs	17	(1,059)	(4,747)
Profit before income tax	18	1,903,399	1,026,696
Income tax	19	(350,630)	(354,958)
Profit after income tax attributable to equity holders of the Company		1,552,769	671,738
Earnings per share	20		
– Basic		6.3378	2.7418
– Diluted		6.3378	2.7418
– Based on Pre-Invitation shares		0.0211	0.0091

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

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006

	Note	Share capital $	Accumulated profits $	Total attributable to equity holders of the Company $
Audited				
Balance at 1 January 2006		245,000	3,181,407	3,426,407
Net profit for the financial period		–	1,552,769	1,552,769
Dividends	21	–	(1,000,000)	(1,000,000)
Balance at 30 September 2006		245,000	3,734,176	3,979,176
Unaudited				
Balance at 1 January 2005				
– as previously reported		245,000	3,440,057	3,685,057
– prior year adjustments	3	–	(130,540)	(130,540)
– as restated		245,000	3,309,517	3,554,517
Net profit for the financial period		–	671,738	671,738
Dividends	21	–	(1,500,000)	(1,500,000)
Balance at 30 September 2005		245,000	2,481,255	2,726,255

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

SOUP RESTAURANT GROUP LIMITED
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CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006

	Note	Nine months ended 30 September 2006 (Audited) $	2005 (Unaudited) $
Cash flows from operating activities			
Profit before income tax		1,903,399	1,026,696
Adjustments for:			
Allowance for doubtful trade receivables	7	450	34,299
Allowance for doubtful non-trade receivables	7	–	24,000
Depreciation of plant and equipment	4	578,161	558,409
Plant and equipment written off		179	194,407
Impairment in value of investments available-for-sale	5	–	120,000
Interest expense		1,059	4,747
Interest income		(17,355)	(10,992)
Loss on disposal of plant and equipment		4,106	32,330
Operating profit before working capital changes		2,469,999	1,983,896
Working capital changes:			
Inventories		(3,469)	(4,479)
Trade and other receivables		(267,814)	(16,687)
Trade and other payables		(1,369,342)	809,310
Cash generated from operations		829,374	2,772,040
Income tax paid		(403,875)	(160,656)
Interest paid		(1,059)	(4,747)
Interest received		17,355	10,992
Net cash from operating activities		441,795	2,617,629
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		3,498	28,916
Purchase of investments available-for-sale		–	(120,000)
Purchases of plant and equipment	4	(539,963)	(115,984)
Net cash used in investing activities		(536,465)	(207,068)
Cash flows from financing activities			
Dividends paid	21	(1,000,000)	(1,500,000)
Fixed deposits pledged		1,005,480	134,986
Repayment of bank borrowings		–	(755,651)
Repayments of finance lease obligations		(5,358)	(12,205)
Net cash from/(used in) financing activities		122	(2,132,870)
Net change in cash and cash equivalents		(94,548)	277,691
Cash and cash equivalents at beginning of financial period		2,510,229	1,048,298
Cash and cash equivalents at end of financial period	8	2,415,681	1,325,989

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

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006

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

1. General corporate information

Soup Restaurant Group Limited (the "Company") was incorporated in Singapore on 20 July 1991 as an exempt private limited company under the name Soup Restaurant Pte Ltd. The Company changed its name to Soup Restaurant Group Pte Ltd on 23 March 2007. Further, in connection with its conversion into a public company limited by shares, the Company changed its name to Soup Restaurant Group Limited on 26 March 2007.

The Group's financial statements for the financial period from 1 January 2006 to 30 September 2006 were approved by the Board of Directors on 15 May 2007.

The address of the Company's registered office and principal place of business is at 171 Kampong Ampat #03-11 KA FoodLink, Singapore 368330. The Company's registration number is 199103597Z.

The principal activities of the Company are those of restaurant operations and investment holding company. The principal activities of the subsidiaries are set out in Note 2(a) to the consolidated interim financial statements.

2. Significant accounting policies

(a) Basis of preparation of interim financial statements

The consolidated interim financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("Act") and Singapore Financial Reporting Standards ("FRS") including related Interpretations of Financial Reporting Standards ("INT FRS").

As at 30 September 2006, the Group consists of the following companies:

Name of company	Country of incorporation	Principal activities	Effective equity interest %
Soup Restaurant Group Limited	Singapore	Restaurant operation and investment holding	100
Soup Restaurant (Seah Street) Pte Ltd	Singapore	Restaurants operation	100
Soup Restaurant (Jurong Point) Pte Ltd	Singapore	Restaurants operation	100
Soup Restaurant (Causeway Point) Pte Ltd	Singapore	Restaurants operation	100
Soup Restaurant (SC) Pte Ltd	Singapore	Restaurants operation	100
Soup Restaurant Investments Pte. Ltd.	Singapore	Investment holding	100

2. **Significant accounting policies** (Continued)

(a) **Basis of preparation of interim financial statements** (Continued)

The preparation of consolidated interim financial statements in conformity with FRS requires management to exercise judgement in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date of the consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the consolidated interim financial statements, and areas involving a higher degree of judgement of complexity, are disclosed in Note 2 (t) to the financial statements.

The consolidated interim financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below.

(b) **Changes in accounting standards**

During the financial period, the Group adopted all the new and revised FRS and INT FRS issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for current financial period. The adoption of these new/revised FRS and INT FRS has no material effect on the consolidated interim financial statements.

FRS and INT FRS issued but not yet effective

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1	: Amendments to FRS 1 (revised), Presentation of financial statements (Capital Disclosure)	1 January 2008
FRS 40	: Investment Property	1 January 2007
FRS 107	: Financial Instruments: Disclosures	1 January 2008
FRS 108	: Operating Segments	1 January 2009
INT FRS 107	: Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies	1 March 2006
INT FRS 108	: Scope of FRS 102	1 May 2006
INT FRS 109	: Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110	: Interim Financial Reporting and Impairment	1 November 2006
INT FRS 111	: FRS 12 - Group and Treasury Share Transactions	1 March 2007
INT FRS 112	: Service Concession Arrangements	1 January 2008

The Group expects that the adoption of the above pronouncements, if applicable, will have no material impact on the consolidated interim financial statements in the period of initial application.

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

2. Significant accounting policies (Continued)

(c) Basis of consolidation

The purchase method of accounting is used to account for the acquisitions of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated interim financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Goodwill is initially measured at cost being the excess of the cost of a business combination or cost of an acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less impairment in value, if any.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as negative goodwill in the profit and loss account of the Group on the date of acquisition.

(d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

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

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit and loss account.

2. Significant accounting policies (Continued)

(d) Plant and equipment (Continued)

Depreciation is calculated on the straight-line method so as to write off the cost of the plant and equipment over their estimated useful lives as follows:

	Years
Air-conditioners	6
Computer	3
Electrical equipment	6
Furniture and fittings	6
Kitchen equipment	6
Motor vehicles	6
Office equipment	6
Renovation	3 - 6

The residual values, useful life and depreciation method are reviewed at each balance sheet date to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Fully depreciated plant and equipment are retained in the financial statements until such time when they are no longer in use.

(e) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating polices, generally accompanying a shareholding, of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

(f) Impairment

Non-financial assets other than goodwill

The carrying amount of the Group's non-financial asset is reviewed at each balance sheet date to determine whether there is any indication of impairment in value and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment in value is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment in value are recognised in the profit and loss account.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

2. Significant accounting policies (Continued)

(f) Impairment (Continued)

Non-financial assets other than goodwill (Continued)

An impairment in value is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment in value is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment in value has been recognised. All reversals of impairment in value are recognised in the profit and loss account.

Financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets measured at amortised cost

If there is objective evidence that an impairment in value on loans and receivables measured at amortised cost has been incurred, the amount of the impairment in value is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment in value is recognised in the profit and loss account.

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

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment in value previously recognised in profit or loss, is transferred from equity to the profit and loss account. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss.

If there is objective evidence that an impairment in value on an unquoted equity investment that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the impairment in value is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment in value recognised is not reversed in future periods.

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

2. Significant accounting policies (Continued)

(g) Inventories

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

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

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made for obsolete, slow-moving and defective inventories.

(h) Financial assets

The Group classifies its financial assets in the following categories, as applicable: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable. As at the balance sheet date, the Group did not have any financial assets in the category of financial assets at fair value through profit or loss or held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in the preceding category. They are included in non-current assets unless the Directors intend to dispose of the assets within 12 months after the balance sheet date.

After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value reserve within equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments where there is no active market, is determined using valuation techniques. Such techniques include using arm's length market transactions, reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and options pricing models.

For investment where there is no active market and where fair value cannot be reliably measured, they are measured at cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment in value previously recognised in profit and loss accounts, is transferred from equity to the profit and loss account. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit and loss account.

SOUP RESTAURANT GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

2. Significant accounting policies (Continued)

(h) Financial assets (Continued)

Loans and receivables

Loans and receivables of the Group are carried at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired as well as through the amortisation process.

(i) Trade and other receivables

Trade and other receivables are classified and accounted as loans and receivables under FRS 39 and are recognised initially at original invoiced amount, which represents fair value, and are subsequently measured at amortised cost using the effective interest method less allowance for impairment in value.

An allowance for impairment in value of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the profit and loss account.

(iii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash with banks and fixed deposit with a bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(i) Financial liabilities

The accounting policy adopted for specific financial liability is set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

2. Significant accounting policies (Continued)

(i) Financial liabilities (Continued)

(ii) Finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Finance lease payments are apportioned between the finance charges and reduction of the finance lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charged to the profit and loss account.

Capitalised leased asset are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the finance lease term.

(j) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset) is derecognised when it is sold or settled.

Financial liabilities

A financial liability is derecognised when the contractual obligation has been discharged or cancelled or expires.

(k) Leases

When a group company is the lessee

Operating leases

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

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

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable 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. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

2. Significant accounting policies (Continued)

(m) Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxed.

Revenue is recognised upon the billing of food and beverages to customers

Franchise and royalty fees are recognised on an accrual basis.

Interest income is recognised on a time-apportionment basis.

(o) Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the profit and loss account in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the balance sheet date.

(p) Finance costs

Interest expenses and similar charges are expensed in the profit and loss account in the financial year in which they are incurred. The interest component of finance lease payments is recognised in the profit and loss account at the effective interest rate applicable.

(q) Income tax

Income tax for the financial year comprises current and deferred taxes. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case such income tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous financial years.

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)**

2. Significant accounting policies (Continued)

(q) Income tax (Continued)

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and can be offset.

(r) Dividends

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

(s) Foreign currencies

The individual financial statements of each entity in the Group are measured in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional and presentation currency of the Group.

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

2. Significant accounting policies (Continued)

(s) Foreign currencies (Continued)

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are measured at fair value in a foreign currency are translated to the functional currency using the exchange rates prevailing at the date the fair value was determined.

Exchange differences arising on the settlement of monetary items and on translation of monetary items at the balance sheet date are recognised in the profit and loss account for the financial year.

(t) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of plant and equipment

These assets are depreciated on a straight-line method over their estimated useful lives. The Directors estimate the useful lives of these assets to be within 3 to 6 years. The carrying amount of the Group's plant and equipment at 30 September 2006 is $1,764,567 (31 December 2005: $1,797,590). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Critical judgements made in applying accounting policies

The following are the judgments made by the Directors of the Company in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Impairment of investments and financial assets

The Directors follow the guidance of FRS 39 on determining when a financial asset is other than temporarily impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

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3. Prior years adjustment

The Group has adjusted downwards the opening accumulated profits as at 1 January 2003, 1 January 2004 and 1 January 2005 by $32,790, $79,840 and $130,540 respectively, representing contributions to a defined contribution plan for temporary and casual workers previously not accrued for in prior years. Furthermore, the Group's profits for the financial year ended 31 December 2003 and 31 December 2004 were reduced by $47,050 and $50,700 respectively.

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. Plant and equipment

	Air-conditioners $	Computer $	Electrical equipment $	Furniture and fittings $	Kitchen equipment $	Motor vehicles $	Office equipment $	Renovation $	Total $
Cost									
Balance at 1 January 2006	371,879	185,525	370,895	669,737	1,054,008	120,000	44,730	1,777,850	4,594,624
Additions	48,874	5,632	40,858	103,543	72,894	27,979	1,571	251,570	552,921
Written off	(99,279)	(157,720)	(98,875)	(194,858)	(292,097)	–	(15,257)	(478,577)	(1,336,663)
Disposals	–	–	(57)	–	–	(14,800)	–	–	(14,857)
Balance at 30 September 2006	321,474	33,437	312,821	578,422	834,805	133,179	31,044	1,550,843	3,796,025
Accumulated depreciation									
Balance at 1 January 2006	215,874	163,142	209,438	387,134	620,151	43,525	28,297	1,129,473	2,797,034
Depreciation charged for the financial period	35,713	13,312	35,336	64,091	96,733	16,099	3,796	313,081	578,161
Written off	(99,279)	(157,541)	(98,875)	(194,858)	(292,097)	–	(15,257)	(478,577)	(1,336,484)
Disposals	–	–	(57)	–	–	(7,196)	–	–	(7,253)
Balance at 30 September 2006	152,308	18,913	145,842	256,367	424,787	52,428	16,836	963,977	2,031,458
Net book value									
Balance at 30 September 2006	169,166	14,524	166,979	322,055	410,018	80,751	14,208	586,866	1,764,567

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

	Air-conditioners $	Computer $	Electrical equipment $	Furniture and fittings $	Kitchen equipment $	Motor vehicles $	Office equipment $	Renovation $	Total $
Cost									
Balance at 1 January 2005	384,221	180,918	368,959	712,045	1,058,322	120,000	43,749	1,745,523	4,613,737
Additions	34,895	8,017	31,025	8,715	27,199	–	2,711	173,366	285,928
Written off	(6,625)	–	(24,305)	(41,328)	(11,342)	–	(560)	(141,039)	(225,199)
Disposals	(40,612)	(3,410)	(4,784)	(9,695)	(20,171)	–	(1,170)	–	(79,842)
Balance at 31 December 2005	371,879	185,525	370,895	669,737	1,054,008	120,000	44,730	1,777,850	4,594,624
Accumulated depreciation									
Balance at 1 January 2005	175,334	131,284	167,392	312,154	501,269	23,525	23,691	775,373	2,110,022
Depreciation charged for the financial year	48,173	33,520	46,119	81,338	124,741	20,000	5,041	377,163	736,095
Written off	(1,090)	–	(3,375)	(4,997)	(2,706)	–	(257)	(23,063)	(35,488)
Disposals	(6,543)	(1,662)	(698)	(1,361)	(3,153)	–	(178)	–	(13,595)
Balance at 31 December 2005	215,874	163,142	209,438	387,134	620,151	43,525	28,297	1,129,473	2,797,034
Net book value									
Balance at 31 December 2005	156,005	22,383	161,457	282,603	433,857	76,475	16,433	648,377	1,797,590

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. Plant and equipment (Continued)

As at the balance sheet date, the net book value of motor vehicles which were acquired under finance lease agreements was $34,028 (31 December 2005: $48,375).

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

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Additions of plant and equipment	552,921	285,928
Provision for dismantlement, removal or restoration	(12,958)	(164,983)
Cash payments to acquire plant and equipment	539,963	120,945

5. Investments available-for-sale

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Unquoted investments		
Convertible loan I	197,000	197,000
Convertible loan II	120,000	120,000
	317,000	317,000
Allowance for impairment in value	(120,000)	(120,000)
	197,000	197,000

The convertible loans are stated at cost as Directors are of the view that the nature and stage of these investments are such that their fair values cannot be measured reliably and it is also not possible to disclose the range of estimates within which a fair value is highly likely to lie as the loans are convertible to unquoted equity shares.

The convertible loans to third parties are unsecured and interest-free. The period in which, or the date at which, the convertible options can be exercised and the conversion ratios are to be mutually agreed between the Group and the third parties. Convertible loan I and II are convertible to new ordinary shares of the third parties up to a maximum of 51% and 30% respectively, of the issued and paid-up capital of the third parties. On 1 November 2006, the Group has converted Convertible loan I into 208,000 ordinary shares of Y.E.S F&B Group Pte. Ltd. comprising 50.98% of Y.E.S F&B Group Pte. Ltd.'s enlarged share capital.

An allowance for impairment in value of $Nil (31 December 2005: $120,000) was recognised in the profit and loss account subsequent to an assessment performed on the convertible loans by the Directors.

All convertible loans are denominated in Singapore dollars.

**SOUP RESTAURANT GROUP LIMITED
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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6. Inventories

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Consumables, at cost	42,305	38,836

7. Trade and other receivables

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Trade receivables	309,400	310,666
Allowance for doubtful receivables	(161,487)	(161,487)
	147,913	149,179
Other receivables	44,989	33,869
Deposits	1,012,946	945,891
Loans		
- third parties	139,900	140,002
- allowance for doubtful receivables	(24,000)	(24,000)
	115,900	116,002
Prepaid listing expenses	208,304	–
Prepayments	34,187	51,934
	1,564,239	1,296,875

Trade and other receivables are non-interest bearing and generally on 30 days' terms.

Allowances for doubtful trade receivables of $Nil (31 December 2005: $34,302) was recognised in the profit and loss account subsequent to a debt recovery assessment performed on trade receivables.

Loans to third parties are unsecured, interest-free and repayable on demand. An allowance for doubtful loan receivables of $Nil (31 December 2005: $24,000) was recognised in the profit and loss account subsequent to a debt recovery assessment performed on the third party.

Included in prepaid listing expenses are $43,750 relating to services rendered as Reporting Auditors, paid/payable to the auditors of the Company.

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

7. Trade and other receivables (Continued)

The Group has recognised prepaid listing expenses of $208,304 as at the balance sheet date in respect of the anticipated initial public offering and its expected admission to the Official List of the SGX-ST Dealing and Automated Quotation System ("SGX- SESDAQ) subsequent to the date of this financial statements. The prepaid listing expenses will be offset against proceeds from the issuance of new shares upon its successful initial public offering. The prepaid listing expenses will be recognised as an expense in the profit and loss account if the initial public offering is no longer expected to be completed.

Trade and other receivables are denominated in Singapore dollars.

8. Cash and cash equivalents

Cash and cash equivalents comprise the following balance sheet amounts:

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Fixed deposit with a bank	–	1,005,480
Cash and bank balances	2,415,681	2,510,229
Cash and cash equivalents as per balance sheet	2,415,681	3,515,709
Fixed deposit pledged	–	(1,005,480)
Cash and cash equivalents as per cash flow statement	2,415,681	2,510,229

As at 31 December 2005, the fixed deposits were pledged as security for banking facilities granted to a subsidiary of the Group amounting to Euro 7,500,000.

Fixed deposits are placed for tenures of Nil days (31 December 2005: 30 days) and the effective interest rate on the fixed deposits is approximately Nil (31 December 2005: 2.65%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Singapore dollars	2,415,681	3,515,671
Australian dollars	–	38
	2,415,681	3,515,709

9. Trade and other payables

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Trade payables	527,040	605,413
Other payables	193,349	233,820
Deferred income	30,090	44,810
Accrued operating expenses	520,741	756,519
Unutilised annual leave	81,261	81,261
Amounts due to shareholders	2	1,000,002
	1,352,483	2,721,825

Trade and other payables are non-interest bearing and generally on 30 days' terms.

Deferred income represents the unexpired portion of revenue from unutilised redeemable vouchers.

The amounts due to shareholders are non-trade in nature, unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in Singapore dollars.

10. Finance lease payables

	Minimum lease payments $	Future finance charges $	Present value of payments $
30.9.2006 (Audited)			
Within one financial year	8,556	(1,413)	7,143
After one financial year but within five financial years	27,745	(4,590)	23,155
	36,301	(6,003)	30,298
31.12.2005 (Audited)			
Within one financial year	8,556	(1,412)	7,144
After one financial year but within five financial years	34,162	(5,650)	28,512
	42,718	(7,062)	35,656

The finance lease payables are denominated in Singapore dollars.

The lease terms range from 2 years to 6 years.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

10. Finance lease payables (Continued)

The effective interest rates charged was 6.15% per annum (31 December 2005: 5.63% to 9.10%).

Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

11. Provisions

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

Movements in the provisions were as follows:

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Balance at beginning of financial period/year	164,983	–
Provision made during the financial period/year	12,958	164,983
Balance at end of end of financial period/year	177,941	164,983

12. Deferred tax liabilities

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Balance at beginning of the financial period/year	203,772	135,472
Transferred to profit and loss account	911	68,300
Balance at end of the financial period/year	204,683	203,772

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12. Deferred tax liabilities (Continued)

Recognised deferred tax liabilities are attributable to the following:

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Plant and equipment	218,123	219,561
Unutilised annual leave	(16,254)	(16,254)
Others	2,814	465
	204,683	203,772

13. Share capital

	30.9.2006 (Audited) $	31.12.2005 (Audited) $
Authorised		
300,000 ordinary shares of $1 each at beginning of financial year	300,000	300,000
Effect of Companies (Amendment) Act 2005	(300,000)	–
Nil (31 December 2005: 300,000 ordinary shares of $1 each) at end of financial year	–	300,000
Issued and fully-paid		
245,000 ordinary shares (31 December 2005: 245,000 ordinary shares of $1 each)	245,000	245,000

The Companies (Amendment) Act 2005 came into effect on 30 January 2006. Among other things, the Act was amended to abolish the concepts of par value, authorised share capital, share premium, capital redemption reserve and share discounts. As a result of these amendments, the Company has an issued and paid-up share capital of $245,000 comprising 245,000 ordinary shares and no authorised share capital.

14. Revenue

Revenue represents the invoiced value of food and beverages, net of discounts and goods and services tax. Group's revenue is in respect of external transactions only.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

15. Other income

	Nine months ended 30 September	
	2006 (Audited) $	2005 (Unaudited) $
Bank interest income	847	–
Fixed deposit interest income	16,508	10,992
Central kitchen income	18,000	–
Collaboration fee	85,328	310,851
Foreign exchange gain	–	6,954
Royalty fee	17,512	7,267
Others	28,657	648
	166,852	336,712

16. Employee benefits expenses

	Nine months ended 30 September	
	2006 (Audited) $	2005 (Unaudited) $
Salaries, wages and bonuses	4,253,245	4,534,758
Contributions to defined contribution plans	306,235	312,801
Other employee benefits	312,367	185,729
	4,871,847	5,033,288

These include the amounts shown as Directors' remuneration in Note 23 to the financial statements.

17. Finance costs

	Nine months ended 30 September	
	2006 (Audited) $	2005 (Unaudited) $
Interest expense		
– finance lease	1,059	1,532
– bank revolving term loan	–	3,215
	1,059	4,747

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

18. Profit before income tax

The above is arrived at:

	Nine months ended 30 September	
	2006 (Audited) $	**2005 (Unaudited) $**
After charging:		
Operating lease expenses	2,419,574	2,521,353
Plant and equipment written off	179	194,407
Loss on disposal of plant and equipment	4,105	32,329

19. Income tax

	Nine months ended 30 September	
	2006 (Audited) $	**2005 (Unaudited) $**
Current income tax		
- current financial period	349,719	353,302
- (over)/underprovision in prior financial years	–	1,656
	349,719	354,958
Deferred tax		
- current financial period	43,441	–
- over provision in prior financial years	(42,530)	–
	911	–
	350,630	354,958

Reconciliation of effective tax rate

	2006 $	2005 $
Profit before income tax	1,903,399	1,026,696
Income tax calculated at statutory tax rate of 20%	380,680	205,339
Expenses non-deductible for income tax purposes	38,852	60,913
Singapore's statutory stepped income exception	(31,500)	(24,488)
Income not subject to income tax	(1,642)	48,303
Under/(over)provision in prior financial years	(42,530)	65,036
Others	6,770	(145)
	350,630	354,958

SOUP RESTAURANT GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

20. Earnings per share

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to equity holders of the Company for the financial period from 1 January 2006 to 30 September 2006 and from 1 January 2005 to 30 September 2005 respectively by the actual number of ordinary shares in issue in the relevant periods.

The Group does not have any dilutive options for the relevant periods.

The calculations for earnings per share based on Pre-Invitation share capital for the relevant periods are based on the profit attributable to equity holders of the Company for the financial period from 1 January 2006 to 30 September 2006 and 1 January 2005 to 30 September 2005 respectively on the assumption that Pre-Invitation share capital of 73,500,000 ordinary shares are in issue as at the date of the Prospectus.

21. Dividends

	Nine months ended 30 September	
	2006 (Audited) $	**2005 (Unaudited) $**
Interim tax exempt dividend paid of approximately $4.08 (2005: $6.12) per share	1,000,000	1,500,000

22. Operating lease commitments

As at balance sheet date, there were operating lease commitments for equipment and rental of premises payable in subsequent accounting periods as follows:

	Nine months ended 30 September	
	2006 (Audited) $	**2005 (Unaudited) $**
Future minimum lease payments		
– within one financial year	2,373,425	2,493,290
– after one financial year but within five financial years	2,232,072	2,149,417
	4,605,497	4,642,707

The current rental payables under the leases of equipment and premises are subject to revision after expiry. The above commitments were based on prevailing rental rates for the current financial period. Some of the operating leases of premises provide for rentals based on percentage of sales derived from the rented premises.

23. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the financial statements, the following are significant related party transactions at rates and terms agreed between the parties:

Compensation of key management personnel

The remuneration of Directors of the Group for the financial period from 1 January 2006 to 30 September 3006 and from 1 January 2005 to 30 September 2005 respectively are as follows:

	Nine months ended 30 September	
	2006 (Audited) $	**2005 (Unaudited) $**
Short-term benefits	436,803	403,200
Post-employment benefits	45,199	49,573
	482,002	452,773

24. Segment information

The Group has only one primary business segment, which is that of restaurant operations. All the Group's sales and assets are in Singapore. Accordingly, no business and geographical segment information is presented.

25. Financial risk management

The Group is exposed to financial risk arising from the normal course of business. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest and foreign exchange rates.

(a) Credit risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an on going basis. The maximum exposure to credit risk is represented by the carrying amounts of each financial asset on the balance sheets.

The Group has no significant concentration of credit risk, except the convertible loans and loans to third parties, due to the nature of its business.

SOUP RESTAURANT GROUP LIMITED
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 30 SEPTEMBER 2006 (Continued)

25. Financial risk management (Continued)

(b) Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to interest-bearing fixed deposits, revolving bank term loan and finance lease obligations with financial institutions.

(c) Foreign currency risk

The Group incurs foreign currency risk on transactions and balances that are denominated in currency other than Singapore dollars. The currency giving rise to this risk is primarily Australian dollars and Euro.

(d) Liquidity risk

The Group actively manages its operating cash flows so as to finance the Group's operations. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

(e) Fair values

The carrying amounts of all the financial assets and liabilities in the financial statements approximate their fair value, except for unquoted investments. For unquoted investments, it is not practicable to determine fair values because of the lack of quoted market prices and the assumptions used in valuation models to value theses investments cannot be reasonably determined.

26. Events after the balance sheet date

(a) On 1 November 2006, the Group has completed the acquisition of Y.E.S F & B Group Pte. Ltd. for a total consideration of $197,000 by way of conversion of the convertible loan.

In the opinion of the Directors, disclosure of the carrying amounts and fair value of the identifiable assets and liabilities of the acquired subsidiary as at the date of acquisitions is impracticable as there is no readily available fair value on Y.E.S F & B Group Pte. Ltd. as the Group has not engaged an independent valuer to value the acquired subsidiary.

(b) At an extraordinary general meeting held on 23 March 2007 and 24 April 2007, the shareholders approved, *inter alia*, the following:

(i) the capitalisation of $490,000 out of the accumulated profits by way of a bonus issue of 490,000 ordinary shares fully paid to the shareholders of the Company (the "Bonus Issue");

(ii) the sub-division of the issued ordinary share of 735,000 ordinary shares with the issued and paid-up capital of $735,000 in the capital of the Company be sub-divided into 73,500,000 ordinary shares on the basis from one ordinary share into 100 ordinary shares (the "Share Split");

26. Events after the balance sheet date (Continued)

(iii) the conversion of the Company into a public limited company and the change of the Company's name to Soup Restaurant Group Limited;

(iv) the adoption of a new set of Articles of Association;

(v) the issue of 26,000,000 ordinary shares ("New Shares") which is the subject of the invitation on the basis that the New Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares;

(vi) the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to

(i) issue ordinary shares whether by way of rights, bonus or otherwise (including ordinary shares as may be issued pursuant to any Instrument (as defined below) made or granted by the Directors while the resolution is in force notwithstanding that the authority conferred by the resolution may have ceased to be in force at the time of issue of such ordinary shares), and/or

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

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 the aggregate number of ordinary shares issued pursuant to such authority (including ordinary shares issued pursuant to any Instrument but excluding ordinary shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company), shall not exceed 50 per cent of the issued share capital of the Company immediately after the invitation, and provided that the aggregate number of such ordinary shares to be issued other than on a *pro rata* basis in pursuance to such authority (including ordinary shares issued pursuant to any Instrument but excluding ordinary shares which may be issued pursuant to any Adjustment effected under any relevant Instrument) to the existing shareholders shall not exceed 20 per cent of the issued share capital of the Company immediately after the invitation, and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

This appendix provides information about certain provisions of our Memorandum of Association and Articles of our Company. The description below is only a summary and is qualified in its entirety by reference to our Memorandum of Association and Articles and the Companies Act.

(1) The following provisions of the Articles of Association of our Company relate to the remuneration, restrictions on voting rights and borrowing powers of the Directors.

(a) **Directors' Remuneration**

Article 101(3)

An alternate Director shall be entitled to contract and be interested in and benefit from contracts, arrangements or transactions to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from our Company any remuneration in respect of his appointment as alternate Director except only such part (if any) of the remuneration otherwise payable to his appointor in which event any fee paid by our Company to an alternate Director shall be deducted from the fees of the Director appointing the alternate.

Article 102(1)

The Directors shall be entitled to receive by way of fees for their services as Directors in each year such sum as shall from time to time, subject to Section 169 of the Companies Act, be determined by our Company by resolution passed at a General Meeting, the notice of which shall specify the proposals concerning the same. Such remuneration shall be divided amongst the Directors as they shall determine or failing agreement equally.

Article 102(2)

The fees payable to the Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the Meeting.

Article 102(3)

The remuneration of a non-Executive Director shall be by a fixed sum and not by a commission on or percentage of profits or turnover. The remuneration of an Executive Director may not include a commission on or a percentage of turnover.

Article 102(4)

The provisions of this Article are without prejudice to the power of the Directors to appoint any of their number to be employee or agent of our Company at such remuneration and upon such terms as they think fit without the approval of the Members in General Meeting provided that such remuneration may include a commission on or percentage of profits but not a commission on or percentage of turnover.

Article 102(5)

Subject to the provisions of the Companies Act and all such statutes being in force ("Statutes"), the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme of fund to pay premiums.

Article 103

If any Director, being willing and having been called upon to do so, shall hold an executive office in our Company, shall render or perform extra or special services of any kind, including services on any committee established by the Directors, or shall travel or reside abroad for any business or purposes of our Company, he shall be entitled to receive such sum as the Directors may think fit for expenses, and also such remuneration as the Directors may think fit, either as a fixed sum or as provided in Article 102(3) (but not by way of commission on or percentage of turnover) and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of our Company.

Article 105(3)

A Director may hold any other office or place of profit under our Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with our Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. Subject to this Article 105, no such contract and no contract or arrangement entered into by or on behalf of our Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

Article 114

The Directors shall (subject to the provisions of any contract between the Chairman and Managing Director and our Company) from time to time fix the remuneration of the Chairman and Managing Director which may be by way of fixed salary, commission or participation in profits (but not turnover) of our Company or by any or all of these modes.

(b) **Restrictions on Voting Rights of Directors**

Article 105(1)

A Director who is in any way whether directly or indirectly interested in a contract or proposed contract with our Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 156 of the Companies Act.

Article 105(2)

A Director shall not vote in respect of any contract or proposed contract or arrangement with our Company in which he has directly or indirectly a personal material interest and if he shall do so his vote shall not be counted nor save as provided by Article 106 shall he be counted in the quorum present at the meeting.

Article 105(3)

A Director may hold any other office or place of profit under our Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with our Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. Subject to this Article 105, no such contract and no contract or arrangement entered into by or on behalf of our Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

Article 106

Subject to Article 105(2) above, a Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under our Company or whereat the terms of any such appointment are arranged.

(c) **Borrowing Powers of Directors**

Article 62

The Directors may, from time to time, exercise all the powers of our Company to raise or borrow or secure the payment of any sum or sums of moneys for the purposes of our Company.

Article 63

The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and, in particular, by the issue of debentures or debenture stock of our Company, perpetual or otherwise, charged upon or by mortgage charge or lien of and on the undertaking of the whole or any part of the property of our Company (both present and future), including its uncalled capital for the time being, or by making, accepting, endorsing or executing any cheque, promissory note or bill of exchange.

(2) The following provisions of the Articles of Association of our Company relate to the variation of members' rights, the transfer of shares and voting rights of members:-

(a) **Variation of Members' Rights**

Article 9

Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not our Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a special resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special meeting, all provisions of these Articles as to General Meetings of our Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Article 61

Subject to the Statutes and save as provided by these Articles, all or any of the special rights or privileges attached to any class of shares in the capital of our Company for the time being issued may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate General Meeting, but so that the quorum thereof shall be not less than two persons personally present and holding or representing by proxy one-third of issued shares of the class, and that any holder of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class held or represented by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Section 186 of the Companies Act as to forwarding a copy of any such consent or resolution to the Registrar of Companies.

(b) **Transfer of Shares**

Article 40

Save as provided by these Articles, there shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the SGX-ST).

All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the SGX-ST. The instrument of transfer shall be left at the registered office of our Company accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the register of members in respect thereof.

Article 41

The instrument of transfer shall be signed both by the transferor and by the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository.

Article 42

Shares of different classes shall not be comprised in the same instrument of transfer.

Article 43

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 44(1)

All instruments of transfer which are registered shall be retained by our Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.

Article 44(2)

Our Company shall be entitled to destroy:-

(a) all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof;

(b) all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof; and

(c) all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof.

Article 44(3)

It shall be conclusively presumed in favour of our Company that every entry in the register of members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and that:

(a) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;

(b) every share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and

(c) every other document hereinbefore mentioned so destroyed was a valid and effective document;

in accordance with the recorded particulars thereof in the books or records of our Company.

Article 44(4)

Articles 44(2) and 44(3) shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant.

Article 44(5)

Nothing contained in this Article 44 shall be construed as imposing upon our Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstance which would not attach to our Company in the absence of this Article 44, and references in this Article 44 to the destruction of any document include references to the disposal thereof in any manner.

Article 45

The Directors may decline to accept any instrument of transfer unless:-

(a) all or any part of the stamp duty (if any) payable on each share transfer and such fee not exceeding two Singapore Dollars for each transfer or such other sum as may from time to time be prescribed by the SGX-ST is paid to our Company; and

(b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine is paid to our Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.

Article 46

The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person:-

(a) which are not fully paid-up; or

(b) on which our Company has a lien.

Article 47

If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within one month beginning with the day on which the transfer was lodged with our Company, a notice in writing informing each of them of such refusal and of the facts which are considered to justify the refusal.

Article 48

The register of members may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the register of members shall not be closed for more than thirty days in any year Provided Always that our Company shall give prior notice of such closure as may be required to the SGX-ST stating the period and purpose or purposes for which such closure is to be made.

(c) **Alteration of Capital**

Article 57

Our Company in General Meeting may from time to time by ordinary resolution, whether all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as our Company by the resolution authorising such increase shall direct.

Article 58(1)

Unless otherwise determined by our Company in General Meeting or except as permitted under the SGX-ST's listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from our Company of General Meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled.

Article 58(2)

The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to our Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided.

Article 59

Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

Article 60(1)

The Company may by ordinary resolution:-

(a) consolidate and divide all or any of its share capital; or

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or

(c) sub-divide its existing shares or any of them. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as our Company has power to attach to unissued or new shares; or

(d) subject to the Statutes, convert any class of shares into any other class of shares.

Article 60(2)

Our Company may by special resolution reduce its share capital in any manner and with and subject to any requirement authorised and consent required by law.

(d) **Voting Rights of Members**

Article 10

Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of our Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of our Company or winding up or sanctioning the sale of the undertaking of our Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

Article 13(3)

The joint holder first named in the register of members or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.

Article 80

At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:-

(a) the Chairman of the meeting; or

(b) not less than two Members present in person or by proxy and entitled to vote; or

(c) a Member or Members present in person or by proxy, holding or representing, as the case may be:-

(i) not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or

(ii) shares in our Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid-up equal to not less than one-tenth of the total sum paid-up on all the shares conferring that right.

Article 81(1)

If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Article 81(2)

No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

Article 82

Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of our Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Article 83(1)

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

Article 83(2)

If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.

Article 84

In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.

Article 85(1)

Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of our Company:-

(a) every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman to decide which proxy shall be entitled to vote where a Member is represented by two proxies; and

(b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to our Company have been paid.

Article 85(2)

For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to our Company.

Article 86

In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members or the Depository Register, as the case may be.

Article 87

Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to our Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting.

Article 88

A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.

Article 89

On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Article 90(1)

A proxy need not be a Member.

Article 90(2)

A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that where the Member is a Depositor, our Company shall be entitled and bound:-

(a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to our Company;

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to our Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and

(c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

Article 90(3)

In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, our Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at our Company's option to treat the instrument of proxy as invalid.

Article 91

Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of our Company or any class of Members of our Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder.

Article 92

An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:-

(1) in the case of an individual shall be signed by the appointor or his attorney;

(2) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

Article 93

Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with our Company) if required by law, be duly stamped and be deposited at our registered office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

Article 94

The signature on an instrument of proxy need not be witnessed.

Article 95

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at our registered office one hour at least before the time fixed for holding the meeting.

Article 96

An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting.

Article 97

Where the capital of our Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

(3) The following provisions of the Articles of Association of our Company relate to the Dividend Rights

Article 135

The profits of our Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid-up on the shares held by them respectively.

Article 136

Our Company in General Meeting may by ordinary resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.

Article 137

No dividend shall be payable except out of the profits of our Company. No dividend shall carry interest.

Article 138

The declaration of the Directors as to the net profits of our Company shall be conclusive.

Article 139

The Directors may from time to time pay to the Members such interim dividends as in their judgement the position of our Company justifies provided no such dividends shall be declared more than once in six months.

Article 140

The Directors may retain any dividends on which our Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

Article 141

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be.

Article 142

Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of our Company, or wholly or partly paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Companies Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.

Article 143

The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.

Article 144

In case several persons are registered in the register of members or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or our Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the register of members or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares.

Article 145

Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement.

Article 146

Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or post office order, sent through the post to the registered address appearing in the register of members or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the register of members or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the register of members or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or post office order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or persons(s) may direct in writing. Our Company shall not be responsible for the loss of any cheque, dividend warrant or post office order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or post office order by the bank upon which they are respectively drawn shall be a full and valid discharge to our Company. Notwithstanding the provisions of these Articles, payment by our Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of our Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository.

Article 147

The Depository will hold all dividend unclaimed for six years after having been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of our Company until claimed.

(4) The following provisions of the Articles of Association of our Company relate to the appointment, retirement and removal of Directors.

(a) **Appointment, Retirement and Removal of Directors**

Article 98

Until otherwise determined by a special resolution at a General Meeting, the number of Directors shall not be less than two or more than twenty. All the Directors of our Company shall be natural persons.

Article 100

A Director shall not be required to hold any share in our Company.

Article 101(1)

Any Director may at any time and from time to time appoint any other person approved by a majority of the Directors for the time being to be his alternate. An alternate Director shall be entitled (subject to his giving to our Company an address within the Republic of Singapore at which notices may be served on him) to receive notice of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not present, and generally at such meeting to exercise all the powers, rights, duties and authorities of the Director appointing him. Every person acting as an alternate Director shall be an officer of our Company and shall alone be responsible to our Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. All the appointments and removals of alternate Directors made by any Director in pursuance of this Article, shall be in writing under the hand of the Director making the same and shall be sent to or left at the registered office of our Company. A Director may not act as an alternate for another Director. A person may not act as an alternate Director for more than one Director of our Company.

Article 101(2)

An alternate Director may be removed by his appointor and the appointor (subject to the approval of the Directors) may appoint another in his place. An alternate Director may be removed from office by a resolution of the Directors, but he shall be entitled to vote on such resolution and he shall, ipso facto, cease to be an alternate Director if his appointor ceases for any reason to be a Director. The appointment of an alternate Director shall also determine on the happening of any event which, if he were a Director, would cause him to vacate such office.

Article 104(1)

The office of a Director shall be vacant if the Director:-

(a) ceases to be a Director by virtue of the Statutes; or

(b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(c) is or becomes prohibited from being a Director by reason of any order made under the Statutes; or

(d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under any law relating to mental disorder; or

(e) resigns his office by notice in writing to our Company; or

(f) for more than six months is absent without permission of the Directors from meetings of the Directors held during that period and his alternate Director (if any) shall not during such period have attended in his stead; or

(g) is directly or indirectly interested in any contract or proposed contract with our Company and fails to declare the nature of his interest in manner required by the Statutes; or

(h) if he is removed from office pursuant to the Statutes.

Article 104(2)

The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Director shall automatically terminate if he ceases to be a Director but without prejudice to any claim for any damage or breach of any contract of service between him and our Company.

Article 104(3)

The appointment of any Director to any other executive office shall automatically terminate if he ceases from any cause to be a Director only if the contract or resolution under which he holds office expressly so provides, in which case such termination shall be without prejudice to any claim for damages or breach of any contract of service between him and our Company.

Article 107

At the Annual General Meeting in every year one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office provided always that all Directors shall retire from office at least once every three years.

Article 108

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Article 109

Subject to the Statutes, a retiring Director shall be eligible for re-election at the meeting at which he retires.

(b) **Nomination of Directors**

Article 110

A person who is not a retiring Director shall be eligible for election to office of Director at any General Meeting if some Member intending to propose him has, at least eleven clear days before the meeting, left at the registered office of our Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him, Provided That in the case of a person recommended by the Directors for election, nine clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven days prior to the meeting at which the election is to take place.

Article 111

Our Company by special resolution in General Meeting may, from time to time, increase or reduce the number of Directors, and may alter their qualification, if any.

Article 112

The Directors may from time to time appoint one or more of their body to the office of Chairman and Managing Director or a person holding an equivalent position for such period (not exceeding five years) and on such terms as they think fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Managing Director or a person holding an equivalent position shall be subject to the control of the Directors. A Director so appointed shall not, while holding that office be subject to retirement but his appointment shall be automatically determined if he ceases from any cause to be a Director.

Article 117

The Directors shall have power at any time and from time to time to appoint any other qualified person as a Director either to fill a casual vacancy or as an addition to the Board. But any Director so appointed shall hold office only until the next Annual General Meeting of our Company, and shall be eligible for re-election.

Article 118

Our Company may from time to time by ordinary resolution remove any Director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead. The person so appointed shall continue to hold office until the next Annual General Meeting.

Article 125

The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to these Articles, the continuing Directors may, except in an emergency, act for the purpose of increasing the number of Directors to such minimum number, or of summoning a General Meeting of our Company, notwithstanding that there shall not be a quorum, but for no other purpose.

(5) Limitations on Rights to Hold or Vote Ordinary Shares

Save as disclosed in the section entitled "Description of Our Shares" as set out in Appendix IV, there are no limitations imposed by Singapore law or by our Articles of Association on the rights of non-resident Shareholders to hold or vote on our ordinary shares.

(6) Delaying, deferring or preventing change in control of the Company

There is no provision in our Articles of Association which could have an effect of delaying, deferring or preventing a change in control of the Company and which could operate only with respect to a merger, acquisition or corporate restructuring involving the Company.

The following statements are brief summaries of our capital structure and of the more important rights and privileges of our ordinary Shareholders as conferred by the laws of Singapore and our Articles of Association (the "Articles"). These statements summarise the material provisions of our Articles but are qualified in entirety by reference to the Articles.

Ordinary Shares

There is no founder, management, deferred or unissued Shares reserved for issue for any purpose. The rights and privileges of these Shares are stated in our Articles.

We have only one class of Shares, namely, our Shares. Our Articles provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board of Directors may think fit and may issue preferential shares which are, or at our option are, redeemable, subject to certain limitations.

All of the Shares are in registered form. We may, subject to the provisions of the Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Act, grant any financial assistance for the acquisition or proposed acquisition of our own Shares.

New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to a general authority granted by our Shareholders may not exceed 50 per cent (or such other limit as may be prescribed by the SGX-ST from time to time) of our issued share capital for the time being, of which the aggregate number of Shares to be issued other that on a pro-rata basis to our Shareholders may not exceed 20 per cent (or such other limit as may be prescribed by the SGX-ST from time to time) of our issued share capital at the time of the passing of the resolution after adjusting for (a) new Shares arising from the conversion or exercise of convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding; and (c) any subsequent consolidation or subdivision of Shares. The approval, if granted, will lapse at the conclusion of our annual general meeting following the date on which the approval was granted, the expiration of the period within which the next annual general meeting after that date is required by law to be held whichever is earlier or revoked or varied in a general meeting. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as they may think fit.

Shareholders

Only persons who are registered on our register of Shareholders and, in cases in which the person so registered is the CDP, the persons named as the Depositors in the Depository Register maintained by the CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interests in any Share or other rights for any Share or of the person whose name is entered in the Depository Register for that Share. We may close our register of Shareholders for any time or times if we provide the Accounting and Corporate Regulatory Authority with at least 14 days' notice and the SGX-ST at least 10 clear Market Days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We typically close the register to determine our Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid issued Shares except where required by law or the Listing Manual or by-laws of SGX-ST. Our Board of Directors may decline to accept to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by any stock exchange on which our Company is listed. Our Board of Directors may also exercise their discretion to decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates of Shares if we are properly notified and the applicant pays a fee which will not exceed S$2 and furnishes any evidence and indemnity that our Board of Directors may require.

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if our Shareholders representing not less than 10 per cent of the total voting rights of all our Shareholders request in writing that such a meeting be held. In addition, two or more of our Shareholders holding not less than 10 per cent of our issued share capital may call for an extraordinary general meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote for a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of the directors. A special resolution, requiring the affirmative vote of at least 75 per cent of the votes cast at that meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Memorandum of Association and our Articles, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds Shares through the SGX-ST's book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by the CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances including by the Chairman of the meeting or by any Shareholder present in person or by proxy and presenting not less than 10 per cent of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. All dividends are paid pro-rata amongst our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board of Directors may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in the proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional Shares to other Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Take-overs

The Securities and Futures Act and the Singapore Code on Take-overs and Mergers ("Singapore Take-over Code") regulate the acquisition of our Shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30 per cent or more of our voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. "Parties acting in concert" includes and is not limited to a company and its directors (including their relatives), a company and its pension funds, a person and any investment company, unit trust or other client in respect of shares held by the financial advisor on a discretionary basis. An offer for consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or the parties acting in concert with the offeror within the preceding six months. A mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30 per cent and 50 per cent of the voting Shares acquires additional voting Shares representing more than 1 per cent of the voting Shares in any six-month period.

Liquidation or Other Return of Capital

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in "Voting Rights" and "Takeovers" above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote on our Shares.

Minority Rights

The rights of minority Shareholders of Singapore incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:-

- our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the Shareholders; or

- we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:-

- direct, or prohibit any act or cancel or vary any transaction or resolution, regulate the conduct of our affairs in future;

- authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;

- provide for the purchase of a minority Shareholder's shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;

- in the case of a purchase of Shares by our Company, provide for a reduction accordingly of our Company's capital; or

- provide that we be wound up.

APPENDIX V – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the 26,000,000 New Shares at the Issue Price for each New Share subject to the following terms and conditions:-

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES AND HIGHER INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF NEW SHARES WILL BE REJECTED.**

2. Your application for Offer Shares may be made by way of printed Offer Shares Application Forms or by way of ATM Application or IB Applications.

   Your application for Internet Placement Shares may only be made by way of an Internet Placement Application through the IPO Website at " www.ePublicOffer.com " if you have a valid membership account with the IPO Website Operator.

   Your application for the Placement Shares (other than Internet Placement Shares and Reserved Shares) may only be made by way of Placement Shares Application Forms. Your application for Reserved Shares may only be made by way of Reserved Shares Application Forms.

   YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE NEW SHARES.

3. **You (not being an approved nominee company in this paragraph) are allowed to submit ONLY ONE application in your own name for:-**

   (a) the Offer Shares by any one of the following:-

   (i) Offer Shares Application Form; or

   (ii) ATM Application; or

   (iii) IB Application,

   OR

   (b) the Placement Shares (other than Reserved Shares) by any one of the following:-

   (i) Placement Shares Application Form; or

   (ii) Internet Placement Application.

   If you have made an application for Reserved Shares, you may submit ONE application for Offer Shares OR ONE application for Placement Shares (other than Reserved Shares) provided that you adhere to the terms and conditions of this Prospectus. Such applications shall not be treated as multiple applications.

   If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares (other than Reserved Shares) or both Offer Shares and Placement Shares (other than Reserved Shares), all your applications shall be deemed to be multiple applications and shall be rejected.

   JOINT OR MULTIPLE APPLICATIONS SHALL BE REJECTED. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares (other than Reserved Shares) or both Offer Shares and Placement Shares (other than Reserved Shares), you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at our discretion.

A Qualifying Internet Applicant whose application for Internet Placement Shares is rejected because of multiple share applications will be levied an administrative fee amounting to 20% of the Qualifying Internet Applicant's application monies (subject to Singapore goods and services tax).

4. Our Company will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks or the IPO Website Operator, as the case may be) bear post office box numbers.

   In addition, if you wish to subscribe for the Internet Placement Shares through the IPO Website, you, (a) must not be corporations, sole proprietorships, partnerships or any other business entities; (b) must be over the age of 21 years; (c) must not be undischarged bankrupts; (d) must apply for the Internet Placement Shares in Singapore; (e) must have a mailing address in Singapore; and (f) must be customers who maintain valid membership accounts with the IPO Website Operator.

5. Our Company will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of an Application Form, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.

6. **OUR COMPANY WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars, such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the records of the relevant Participating Bank or the IPO Website Operator at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank or the IPO Website Operator, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.**

9. **Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Prospectus or with the terms and conditions of this Prospectus, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and**

conditions of this Prospectus, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

10. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefore, and our Company will not entertain any enquiry and/or correspondence on our decision. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment, our Company will give due consideration to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by us. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

12. In the event of an over-subscription for Offer Shares as at the close of the Application List and/or Placement Shares (including the Internet Placement Shares and the Reserved Shares) are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Directors and approved by the SGX-ST.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to our Company, the Manager, the Placement Agent, the Underwriter and any other parties so authorised as the foregoing persons.

14. Any reference to the "you" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Offer Shares Application Form or by way of an ATM Application or IB Application; an individual, a corporation, an approved nominee and trustee applying for the Placement Shares (other than Reserved Shares) through the Placement Agent by way of a Placement Shares Application Form or by way of an Internet Placement Application; and an individual, a corporation, an approved nominee and trustee applying for the Reserved Shares by way of a Reserved Shares Application Form.

15. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Application) pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" on the IB Website screen or the IPO Website (as the case may be) in accordance with the provisions of this Prospectus, you:-

    (a) irrevocably offer to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such New Shares as may be allotted to you, in each case on the terms and conditions set out in this Prospectus and the Memorandum and Articles of Association of our Company as well as those set out in the IPO Website, or the IB Websites or ATMs of the Participating Banks;

    (b) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and as well as those set out in the IPO Website, or the IB Websites or ATMs of the Participating Banks, the terms and conditions set out in this Prospectus shall prevail;

    (c) agree that the aggregate Issue Price for the New Shares applied for is due and payable to our Company forthwith;

(d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you; and

(e) agree and warrant that if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Manager, the Placement Agent and/or the Underwriter will infringe any such laws as a result of the acceptance of your application.

16. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:-

(a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares and the New Shares on a "when issued" basis on the SGX-SESDAQ;

(b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section entitled "Management, Underwriting and Placement Arrangements" of this Prospectus have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and

(c) the Authority has not served a stop order which directs that no further shares to which this Prospectus relates be allotted.

17. Our Company will not hold any applications in reserve.

18. Our Company will not allot and/or allocate Shares on the basis of this Prospectus later than six months after the date of this Prospectus.

19. Additional terms and conditions for applications by way of Application Forms are set out on pages V-4 to V-7 of this Prospectus.

20. Additional terms and conditions for applications by way of Electronic Applications are set out on pages V-8 to V-16 of this Prospectus.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING PRINTED APPLICATION FORMS

Your application by way of Application Forms shall be made on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out on pages V-1 to V-4 of this Prospectus, as well as the Memorandum and Articles of Association of our Company.

1. Your application must be made using the **WHITE** Application Forms for Offer Shares and the **BLUE** Application Forms for Placement Shares (other than Internet Placement Shares and Reserved Shares) or **PINK** Reserved Shares Application Forms accompanying and forming part of this Prospectus. Our Company draws your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. All spaces in the Application Forms except those under the heading "FOR OFFICIAL USE ONLY" must be completed and the words "NOT APPLICABLE" or "N.A." should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names appearing in your identity cards (if applicants have such identification documents) or in your passports and, in the case of corporations, in your full names as registered with a competent authority. If you are a non-individual completing the Application Form under the hand of an official, you must state the name and capacity in which that official signs. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with the Share Registrar. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign page 1 of the Application Form.

   (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

   (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You (whether you are an individual and corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted), will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the New Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of **"SOUP RESTAURANT SHARE ISSUE ACCOUNT"** crossed "A/C PAYEE ONLY", with your name and address written clearly on the reverse side. **Our Company will not accept applications accompanied by ANY OTHER FORM OF PAYMENT.** Our Company will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. **No acknowledgement or receipt will be issued for any application or remittance received.**

8. Unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of the balloting after the close of the Application List at your own risk. Where your application is accepted in part only, the balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk in the shortest possible time.

9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

10. By completing and delivering the Application Form in accordance with the provisions of this Prospectus, you agree that:-

 (a) in consideration of us having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 24 May 2007 or such other time or date as our Company may, in consultation with the Manager, in our absolute discretion decide, subject to any limitations under all applicable laws** and by completing and delivering the Application Form, you agree that:-

  (i) your application is irrevocable; and

  (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

 (b) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

 (c) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on our behalf;

 (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

 (e) in making your application, reliance is placed solely on the information contained in this Prospectus and none of our Company, the Manager, the Placement Agent, the Underwriter or any other person involved in the Invitation shall have any liability for any information not so contained.

Applications for Offer Shares

1. Your applications for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. You must:-

 (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with your remittance in the **WHITE** envelope “A” provided;

 (b) in the appropriate spaces on **WHITE** envelope “A”:-

  (i) write your name and address;

  (ii) state the number of Offer Shares applied for; and

  (iii) affix adequate Singapore postage;

 (c) seal **WHITE** envelope “A”; and

 (d) write, in the appropriate box provided on the larger **WHITE** envelope “B”, the number of Offer Shares you have applied for; and insert **WHITE** envelope “A” into **WHITE** envelope “B”, seal **WHITE** envelope “B” and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** at your own risk to Lim Associates (Pte) Ltd, 3 Church Street, #08-01 Samsung Hub, Singapore 049483, so as to arrive by **12.00 noon on 24 May 2007 or such other**

time or date as our Company may, in consultation with the Manager, in its absolute discretion decide, subject to any limitations under all applicable laws. Local Urgent Mail or Registered Post must NOT be used. No acknowledgement or receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances are liable to be rejected.

Applications for Placement Shares (other than Internet Placement Shares and Reserved Shares)

1. Your application for Placement Shares (other than Internet Placement Shares and Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed and signed **BLUE** Placement Shares Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable in respect of the number of Placement Shares applied for, with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to Lim Associates (Pte) Ltd, 3 Church Street, #08-01 Samsung Hub, Singapore 049483, to arrive by **12.00 noon on 24 May 2007 or such other time or date as our Company may, in consultation with the Manager, in its absolute discretion decide, subject to any limitations under all applicable laws. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement or receipt will be issued for any application or remittance received.

3. Alternatively, you may remit your application monies by electronic transfer to the account of The Bank of East Asia, Limited, account number 90095194, in favour of **"SOUP RESTAURANT SHARE ISSUE ACCOUNT"** for the number of Placement Shares applied for **by 12.00 noon on 24 May 2007 or such other time or date as our Company may, in consultation with the Manager, in its absolute discretion decide, subject to any limitations under all applicable laws.** If you remit your application monies via electronic transfer, you should fax and send a copy of the remittance advice to Westcomb Securities Pte Ltd at fax number 6220 6632 to arrive by **12.00 noon on 24 May 2007 or such other time or date as our Company may, in consultation with the Manager, in its absolute discretion decide, subject to any limitations under all applicable laws**.

Applications for Reserved Shares

1. Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed **PINK** Reserved Shares Application Form and the correct remittance (in accordance with the terms and conditions of this Prospectus) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to Lim Associates (Pte) Ltd, 3 Church Street, #08-01 Samsung Hub, Singapore 049483, to arrive by **12.00 noon on 24 May 2007 or such other time or date as our Company may, in consultation with the Manager, in its absolute discretion decide, subject to any limitations under all applicable laws. Local Urgent Mail or Registered Post must NOT be used**. No acknowledgement or receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittances which are not honoured upon their first presentation are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications at ATMs are set out on the ATM screens (in the case of ATM Applications), the IB Website screens (in the case of IB Applications) of the relevant Participating Banks and the IPO Website (in the case of Internet Placement Applications).

Currently, DBS and the UOB Group are the only Participating Banks through which an IB Application can be made on the respective IB Websites of DBS and the UOB Group.

For illustration purposes, the procedures for Electronic Applications through ATMs and the IB Website of DBS as well as through the IPO Website are set out respectively in the "Steps for ATM Applications through ATMs of DBS", the "Steps for IB Applications through the IB Website of DBS" and the "Steps for Internet Placement Applications" (the "Steps") appearing on pages V-13 to V-16 of this Prospectus.

The Steps set out the actions that you must take at an ATM, the IB Website of DBS or the IPO Website to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

Any reference to "you" in the additional terms and conditions for Electronic Applications and the Steps shall refer to you making an application for:-

(a) Offer Shares through an ATM or the IB Website of a relevant Participating Bank; or

(b) Internet Placement Shares through the IPO Website.

To make an ATM Application:-

(a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. Upon the completion of your ATM Application transaction, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your ATM Application. The Transaction Record is for your retention and should not be submitted with any Application Form.

(b) You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

To make an IB Application, you must have an existing bank account with and an IB User Identification ("User ID") and a Personal Identification Number/Password given by the relevant Participating Bank. Upon completion of your IB Application, there will be an on-screen confirmation ("Confirmation Screen") of the application which you can print out for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

To make an Internet Placement Application, you must be registered as a user of the IPO Website and have a User Name ("User Name") and a Password given by the IPO Website Operator. Upon completion of your Internet Placement Application, there will be an on-screen confirmation ("Provisional Allocation Screen") of the application which you can print out for your record. This printed record of the Confirmation Screen is for your retention and is to accompany your payment for the Internet Placement Shares, and should not be submitted with any Application Form. An electronic mail (email) containing the information in the Provisional Allocation Screen will also be sent to your email account registered with the IPO Website.

Further, you must ensure, when making an IB Application or Internet Placement Application that:-

(a) you are currently in Singapore at the time of making of such application;

(b) your mailing address for IB with the relevant Participating Bank and the IPO Website is in Singapore;

(c) you are not a US person [(1)] (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended from time to time),

and you will be asked to declare the above accordingly. Otherwise, your application is liable to be rejected.

Note:-

(1) For details, please refer to definition of "US person" on the IB Websites or the IPO Website.

Your Electronic Application shall be made on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out on pages V-1 to V-4 of this Prospectus as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for New Shares, you may be required to confirm statements to the following effect in the course of activating the Electronic Application:-

   (a) that you have received a copy of this Prospectus and have read, understood and agreed to all the terms and conditions of application for New Shares and this Prospectus prior to effecting the Electronic Application and agreed to be bound by the same;

   (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount (the "Relevant Particulars") from your account with that Participating Bank to the Share Registrar, CDP, SCCS, our Company, the Manager, the Placement Agent and the Underwriter (the "Relevant Parties"); and

   (c) that this is your only application and it is made in your own name and at your own risk.

   Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM unless you press the "Enter" or "OK" or "Confirm" or "Yes" key. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act, Chapter 19 of Singapore to the disclosure by that Participating Bank or the IPO Website Operator of your Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR NEW SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS BENEFICIAL OWNER.**

   YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR NEW SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES (EXCLUDING INTERNET PLACEMENT SHARES), WHETHER AT THE ATM OR THE IB WEBSITES OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS OR

THROUGH THE IPO WEBSITE. IF YOU HAVE MADE AN APPLICATION FOR NEW SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR NEW SHARES AND *VICE VERSA*.

3. For an ATM Application or IB Application, you must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Application or IB Application, failing which your ATM Application or IB Application will not be completed. **Any ATM Application or IB Application which does not conform strictly to the instructions set out on the screens of the ATM or IB Website through which your ATM Application or IB Application is being made shall be rejected.**

   An applicant who makes an application for New Shares through the IPO Website will be advised through the IPO Website on the amount payable and the method(s) of payment.

4. You irrevocably agree and undertake to subscribe for and to accept the number of New Shares applied for as stated on the Transaction Record or Confirmation Screen. You also irrevocably agree and undertake to subscribe for and to accept any lesser number of New Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such New Shares or not to allot any New Shares to you, you agree to accept such decision as final.

   If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM, clicking "Confirm" or "OK" on the IB Website screen or "Confirm" on the IPO Website screen) of the number of New Shares applied for shall signify and shall be treated as your acceptance of the number of New Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.

5. **Our Company will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours after the close of the Application List. **Trading on a "WHEN ISSUED" basis, if applicable, is expected to commence after such refund has been made.**

   Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or if you have applied for the Internet Placement Shares through the IPO Website, by ordinary post or such other means as the IPO Website Operator may agree with you, at your own risk, within 14 Market Days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

   Responsibility for timely refund of application monies arising from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks and with the IPO Website Operator as the case may be. Therefore, you are strongly advised to consult your Participating Bank or the IPO Website Operator as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of New Shares allotted to you before trading the New Shares on the SGX-SESDAQ. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, the IPO Website Operator, our Company, the Manager, the Placement Agent or the Underwriter assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your ATM Application or IB Application is unsuccessful, no notification will be sent by such Participating Bank.

You may check the results of your ATM Applications as follows:-

Bank	Telephone	Also available at	Operating hours	Service expected from
DBS	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	Internet Banking www.dbs.com (1)	24 hours	Evening of the balloting day
OCBC	1800 363 3333	ATM / Phone Banking / Internet Banking (2)	24 hours	Evening of the balloting day
UOB Group	1800 222 2121	ATM (Other Transactions – "IPO Enquiry") (1) www.uobgroup.com (1)(3)	24 hours	Evening of the balloting day

Notes:-

(1) If you make your IB Applications through the IB Websites of DBS or the UOB Group, you may check the results through the same channels listed in the table above in relation to ATM Applications made at ATMs of DBS or the UOB Group.

(2) If you make your Electronic Application through the ATMs of OCBC, you may check the results of your application through the same channels listed in the table above.

(3) You may also check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking Services.

If you make your Electronic Application through the IPO Website, you can check the result of your application through the IPO Website. You will be notified of the results of your Internet Placement Application via an email sent to the email address registered with the IPO Website whether or not your application is successful.

7. Electronic Applications shall close at **12.00 noon on 24 May 2007** or such other time or date as our Company may, in consultation with the Manager, in its absolute discretion decide, subject to any limitations under all applicable laws.

8. You are deemed to have requested and authorised us to:-

(a) register the Offer Shares or Placement Shares, as the case may be, allotted to you in the name of CDP for deposit into your Securities Account;

(b) send the relevant Share certificate(s) to CDP;

(c) (for ATM Applications or IB Applications) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies, should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours after the close of the Application List;

(d) (for ATM Applications or IB Applications) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within the shortest possible time after the close of the Application List; and

(e) (for Internet Placement Applications) return or refund (without interest or any share of revenue or other benefit arising therefrom) of the full application monies, should your Internet Placement Application be rejected, is expected to be effected to you by ordinary post at your own risk within 14 days after the close of the Application List.).

9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks and/or the IPO Website Operator and if, in any such event, our Company, the Manager, the Placement Agent, the Underwriter, the relevant Participating Bank and/or the IPO Website Operator do not receive your Electronic Application, or data relating to your Electronic Application is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Manager, the Placement Agent, the Underwriter, the relevant Participating Bank and/or the IPO Website Operator for New Shares applied for or for any compensation, loss or damage.

10. Our Company does not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee.

11. All your particulars in the records of your Participating Bank or the IPO Website Operator at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank, the IPO Website Operator and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank or the IPO Website Operator, as the case may be.

12. **You should ensure that your personal particulars as recorded by both CDP, the relevant Participating Bank or the IPO Website Operator are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.

13. By making and completing an Electronic Application, you are deemed to have agreed that:-

(a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks or the IPO Website Operator acting as agents of our Company, at the ATMs, the IB Websites and the IPO Website:-

(i) your Electronic Application is irrevocable; and

(ii) your Electronic Application, the acceptance of our Company and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(b) none of our Company, the Manager, the Placement Agent, the Underwriter, the Participating Banks or the IPO Website Operator shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;

(c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

(e) reliance is placed solely on information contained in this Prospectus and that none of our Company, the Manager, the Placement Agent and the Underwriter for the Public Offer nor any other person involved in the Invitation shall have any liability for any information not so contained.

Steps for ATM Applications through ATMs of DBS

Instructions for ATM Applications will appear on the ATM screens of the Participating Banks. For illustration purposes, the steps for making an ATM Application through an ATM of DBS are shown below. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "appln", "&", "I/C", "SGX", "No." and "Max" refer to "Account", "amount", "application", "and", "NRIC", "SGX-ST", "Number" and "Maximum", respectively. Instructions for ATM Applications on the ATM screens of Participating Banks (other than DBS) may differ slightly from those represented below.

Step 1 : Insert your personal DBS ATM Card.

2 : Enter your Personal Identification Number.

3 : Select "MORE SERVICES".

4 : Select language (for customer using multi-language card).

5 : Select "ESA-IPO SHARE/INVESTMENTS".

6 : Select "ELECTRONIC SECURITY APPLICATION (IPOS/BONDS/ST-NOTES)" to "SOUP".

7 : Read and understand the following statements which will appear on the screen:-

THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

Press the "Enter" key to confirm that you have read and understood.

8 : Press the "ENTER" key to acknowledge:-

YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.

YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO. AND SECURITY APPLICATION AMOUNT FROM YOUR BANK ACCOUNT(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF AND THE ISSUER/VENDOR.

FOR FIXED AND MAX PRICE SECURITY APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

YOU ARE NOT A US PERSON AS REFERRED TO IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.

9 : Select your nationality.

10 : Select the DBS account (Autosave/Current/Savings/Savings Plus) or the POSB account (current/savings) from which to debit your application monies.

11 : Enter the number of securities you wish to apply for using cash.

12 : Enter your own 12-digit CDP Securities Account number. (Note:- This step will be omitted automatically if your CDP Securities Account number has already been stored in DBS's records).

13 : Check the details of your securities application, your NRIC or passport number and CDP Securities Account number and number of securities on the screen and press the "ENTER" key to confirm your application.

14 : Remove the Transaction Record for your reference and retention only.

Steps for IB Applications through the IB Website of DBS

For illustrative purposes, the steps for making an IB Application through the DBS IB Website are shown below. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "&", "I/C", "SGX" and "No." refer to "Account", "Amount", "and", "NRIC", "SGX-ST" and "Number" respectively).

Step 1 : Click on to DBS website (www.dbs.com).

2 : Login to Internet Banking.

3 : Enter your User ID and PIN.

4 : Select "Electronic Security Application (ESA)".

5 : Click "Yes" to proceed and to warrant that you have observed and complied with all applicable laws and regulations.

6 : Click on "SOUP" and click the "Submit" button.

7 : Click "Confirm" to confirm:-

YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF APPLICATION AND THE PROSPECTUS OR PROFILE STATEMENT AND IF APPLICABLE, THE SUPPLEMENTARY OR REPLACEMENT PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.

YOU CONSENT TO DISCLOSE YOUR NAME, I/C OR PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES ACCOUNT NUMBER, CPF INVESTMENT ACCOUNT NUMBER (IF APPLICABLE) AND SECURITIES APPLICATION AMOUNT FROM YOUR DBS/POSB ACCOUNT(S) TO REGISTRARS OF SECURITIES, SGX, SCCS, CDP, CPF BOARD AND ISSUER/VENDOR(S).

YOU ARE NOT A US PERSON (AS SUCH TERM IS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED).

THIS APPLICATION IS MADE IN YOUR NAME AND AT YOUR OWN RISK.

FOR FIXED/MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION. FOR TENDER PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE.

8 : Fill in details for securities application and click "Submit".

9 : Check the details of your securities application, your NRIC or passport number and click "OK" to confirm your application.

10 : Print Confirmation Screen (optional) for your reference & retention only.

Steps for Internet Placement Applications

The steps for making an Internet Placement Application are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "I/C" and "No." refer to "Account", "NRIC" and "Number" respectively).

Step 1 : Click on to the IPO Website (www.ePublicOffer.com)

Step 2 : Login by entering your User Name and Password

Step 3 : Select the counter "SOUP" from the list of current counters offered

Step 4 : Click "I Agree" to proceed and to warrant that you have observed and complied with all applicable laws and regulations and agree to the terms and conditions stated on the IPO Website

Step 5 : View and/or download a copy of the Prospectus

Step 6 : Click "Confirm" to confirm the following statements:-

(1) I have read, understood & agreed to these terms and conditions, and the Prospectus/Document or Profile Statement and if applicable, the Replacement or Supplementary Prospectus/Document or Profile Statement in relation to the IPO Shares;

(2) I consent to the disclosure of my name, I/C or passport number, address, nationality, CDP Securities Account number, and securities application amount to share registrars of the securities, the SGX-ST, SCCS, CDP, the issuer/vendor(s) of the IPO Shares;

(3) I am currently resident in Singapore;

(4) I am not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended) and not currently resident in United States;

(5) I understand that the IPO shares have not been and will not be registered under the United States securities law and, subject to certain exception, may not be offered or sold within the United States, that there will be no public offer of the IPO shares in the United States, and any failure to comply with this restriction may constitute a violation of United States securities laws;

(6) This application for the IPO shares is made in my own name and at my own risk; and

(7) I am not an associate (as defined in the Listing Manual of the SGX-ST) or a director or substantial shareholder (as defined in the Companies Act (Chapter 50) of Singapore) of the Issuer.

Step 7 : Click "Confirm" when you have completed the above steps.

Step 8 : Check details of your application (including information on your name, your CDP number, your NRIC number, your email address, the amount payable) on the screen and click "CONFIRM" to confirm your application.

Step 9 : Print email confirmation and proceed to make payment as described in the email confirmation.

15 May 2007

The Board of Directors
Soup Restaurant Group Limited
171 Kampong Ampat
#03-11 KA FoodLink
Singapore 368330

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING AUDITORS ON THE UNAUDITED PROFORMA GROUP FINANCIAL INFORMATION

This report has been prepared for inclusion in the Prospectus (the "Prospectus") in respect of initial public offering of shares of Soup Restaurant Group Limited (the "Company"). The unaudited Proforma Group financial information comprises the Proforma Group balance sheets as at 31 December 2005 and 30 September 2006 and the Proforma Group profit and loss accounts and cash flow statements for the financial year ended 31 December 2005 and nine-month financial period ended 30 September 2006.

We report on the unaudited Proforma Group financial information set out in pages VI-3 to VI-10 which has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments to show what:

(i) the financial results and cash flows of the Company and its subsidiaries (the "Proforma Group") for the financial year ended 31 December 2005 and nine-month financial period ended 30 September 2006 would have been if the significant events as stated in the explanatory note (a) of the unaudited Proforma Group financial information had occurred on 1 January 2005; and

(ii) the financial positions of the Proforma Group as at 31 December 2005 and 30 September 2006 would have been if the significant events had occurred on those dates.

The unaudited Proforma Group financial information, because of their nature, may not give a true picture of the Proforma Group's actual financial position, results and cash flows.

The unaudited Proforma Group financial information is the responsibility of the Directors of the Company.

Our responsibility is to express an opinion on the unaudited Proforma Group financial information based on our work. We carried out procedures in accordance with Singapore Statement of Auditing Practice 24: Auditors and Public Offering Documents. Our work, which involved no independent examination of the unaudited Proforma Group financial information, consisted primarily of comparing the unaudited Proforma Group financial information to the audited consolidated financial statements of the Group for the financial year ended 31 December 2005 and the audited consolidated interim financial statements of the Group for the nine-month financial period ended 30 September 2006, considering the evidence supporting the adjustments and discussing the unaudited Proforma Group financial information with the Directors of the Company.

In our opinion,

(a) the unaudited Proforma Group financial information has been properly prepared:

- (i) on the basis stated in the explanatory note (b) of the unaudited Proforma Group Financial Information;

- (ii) such basis is consistent with the accounting policies of the Company; and

(b) each material adjustment made to the information used in the preparation of the unaudited Proforma Group financial information is appropriate for the purpose of preparing such financial information.

Yours faithfully

BDO Raffles
Certified Public Accountants
Singapore

Tay Kim Chuan Patrick
Partner

UNAUDITED PROFORMA GROUP FINANCIAL INFORMATION

The unaudited Proforma Group financial information, which comprises the Proforma Group balance sheets, profit and loss accounts and cash flow statements, set out herein has been prepared for illustrative purposes only to show what the financial positions of the Proforma Group as at 31 December 2005 and 30 September 2006 and the financial results and cash flows for the financial year ended 31 December 2005 and nine-month financial period ended 30 September 2006 would have been based on certain assumptions and after making certain adjustments as stated in the explanatory notes of the unaudited Proforma Group financial information. Save as disclosed in the explanatory notes, the Directors, for the purpose of preparing this set of Proforma Group financial information, have not considered the effects of other events.

The unaudited Proforma Group financial information for the financial year ended 31 December 2005 and nine-month financial period ended 30 September 2006 have been prepared for inclusion in the Prospectus in connection with the invitation of shares of Soup Restaurant Group Limited and should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2005 and the audited consolidated interim financial statements of the Group for the nine-month financial period ended 30 September 2006. The unaudited Proforma Group financial information, because of their nature, may not give a true picture of the Proforma Group's actual financial position, results and cash flows.

The unaudited Proforma Group financial information for the financial year ended 31 December 2005 and nine-month financial period ended 30 September 2006 were approved by the Board of Directors on 15 May 2007.

PROFORMA GROUP BALANCE SHEET AS AT 31 DECEMBER 2005

	31.12.2005 (Audited consolidated balance sheet) $	(Proforma adjustments) $	31.12.2005 (unaudited proforma group balance sheet) $
Non-current assets			
Plant and equipment	1,797,590	2,274,705[(i),(iii)]	4,072,295
Investments available-for-sale	197,000	(197,000)[(i)]	–
Intangible asset	–	229,037[(i)]	229,037
	1,994,590		4,301,332
Current assets			
Inventories	38,836	30,030[(i)]	68,866
Trade and other receivables	1,296,875	190,972[(i)]	1,487,847
Current income tax recoverable	64,508		64,508
Cash and cash equivalents	3,515,709	(1,751,527)[(i),(iii)]	1,764,182
	4,915,928		3,385,403
Less:			
Current liabilities			
Trade and other payables	2,721,825	189,857[(i)]	2,911,682
Finance lease payables	7,144	24,336[(i)]	31,480
Provisions	164,983	47,122[(i)]	212,105
Current income tax payable	357,875		357,875
Bank borrowings	–	438,883[(i)]	438,883
	3,251,827		3,952,025
Net current assets/(liabilities)	1,664,101		(566,622)
Less:			
Non-current liabilities			
Finance lease payables	28,512		28,512
Deferred tax liabilities	203,772		203,772
	232,284		232,284
Net assets	3,426,407		3,502,426
Capital and reserves			
Share capital	245,000	–[(i)]	245,000
Accumulated profits	3,181,407	54,468[(i)]	3,235,875
Equity attributable to equity holders of the Company	3,426,407		3,480,875
Minority interests	–	21,551[(i)]	21,551
Total equity	3,426,407		3,502,426

PROFORMA GROUP BALANCE SHEET AS AT 30 SEPTEMBER 2006

	30.9.2006 (Audited consolidated balance sheet) $	(Proforma adjustments) $	30.9.2006 (unaudited proforma group balance sheet) $
Non-current assets			
Plant and equipment	1,764,567	1,622,077[(ii),(iii)]	3,386,644
Investments available-for-sale	197,000	(197,000)[(ii)]	–
Intangible assets	–	229,037[(ii)]	229,037
	1,961,567		3,615,681
Current assets			
Inventories	42,305		42,305
Trade and other receivables	1,564,239	295,236[(ii)]	1,859,475
Current income tax recoverable	46,008		46,008
Cash and cash equivalents	2,415,681	(1,161,924)[(ii),(iii)]	1,253,757
	4,068,233		3,201,545
Less:			
Current liabilities			
Trade and other payables	1,352,483	194,809[(ii)]	1,547,292
Finance lease payables	7,143	26,130[(ii)]	33,273
Provisions	177,941	164,985[(ii)]	342,926
Current income tax payable	285,219		285,219
Bank borrowings	–	13,200[(ii)]	13,200
	1,822,786		2,221,910
Net current assets	2,245,447		979,635
Less:			
Non-current liabilities			
Finance lease payables	23,155	60,450[(ii)]	83,605
Deferred tax liabilities	204,683		204,683
	227,838		288,288
Net assets	3,979,176		4,307,028
Capital and reserves			
Share capital	245,000	–[(ii)]	245,000
Accumulated profits	3,734,176	182,903[(ii)]	3,917,079
Equity attributable to equity holders of the Company	3,979,176		4,162,079
Minority interests	–	144,949[(ii)]	144,949
Total equity	3,979,176		4,307,028

PROFORMA GROUP PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	2005 (Audited consolidated profit and loss account) $	(Proforma adjustments) $	2005 (Unaudited proforma group profit and loss account) $
Revenue	19,962,696	1,902,578[i]	21,865,274
Other income	419,696		419,696
Changes in inventories	8,181	14,059[i]	22,240
Purchases and other consumables	(4,826,402)	(571,153)[i]	(5,397,555)
Employee benefits expenses	(6,601,993)	(497,866)[i]	(7,099,859)
Depreciation of plant and equipment	(736,095)	(58,462)[i]	(794,557)
Other expenses	(6,365,462)	(671,368)[i]	(7,036,830)
Finance costs	(5,100)	(10,988)[i]	(16,088)
Profit before income tax	1,855,521		1,962,321
Income tax	(483,631)		(483,631)
Profit after income tax	1,371,890		1,478,690
Attributable to:			
- equity holders of the Company	1,371,890	54,468[i]	1,426,358
- minority interests	–	52,332[i]	52,332
	1,371,890		1,478,690

PROFORMA GROUP PROFIT AND LOSS ACCOUNT FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006

	Nine months ended 2006		
	(Audited consolidated profit and loss account) $	Proforma adjustments $	(Unaudited proforma group profit and loss account) $
Revenue	15,211,905	2,439,378[ii]	17,651,283
Other income	166,852	(25,626)[ii]	141,226
Changes in inventories	3,470		3,470
Purchases and other consumables	(3,593,936)	(677,445)[ii]	(4,271,381)
Employee benefits expenses	(4,871,847)	(688,981)[ii]	(5,560,828)
Depreciation of plant and equipment	(578,161)	(90,785)[ii]	(668,946)
Other expenses	(4,433,825)	(702,275)[ii]	(5,136,100)
Finance costs	(1,059)	(2,433)[ii]	(3,492)
Profit before income tax	1,903,399		2,155,232
Income tax	(350,630)		(350,630)
Profit after income tax	1,552,769		1,804,602
Attributable to:			
- equity holders of the Company	1,552,769	128,435[ii]	1,681,204
- minority interests	–	123,398[ii]	123,398
	1,552,769		1,804,602

PROFORMA GROUP CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	2005 (Audited consolidated cash flow statement) $	Proforma adjustments $	2005 (Unaudited proforma group cash flow statement) $
Cash flows from operating activities			
Profit before income tax	1,855,521	106,800(i)	1,962,321
Adjustments for:			
Allowance for doubtful trade receivables	34,302	143,999(i)	178,301
Allowance for doubtful non-trade receivables	24,000	(24,000)(i)	–
Bad non-trade receivables written off	1,590		1,590
Depreciation of plant and equipment	736,095	58,462(i)	794,557
Plant and equipment written off	189,711		189,711
Impairment in value of investment available-for-sale	120,000	(120,000)(i)	–
Interest expense	5,100	10,987(i)	16,087
Interest income	(16,930)		(16,930)
Loss on disposal of plant and equipment	32,330	15,443(i)	47,773
Operating profit before working capital changes	2,981,719		3,173,410
Working capital changes:			
Inventories	(8,181)	(30,030)(i)	(38,211)
Trade and other receivables	(157,820)	(101,001)(i)	(258,821)
Trade and other payables	1,032,456	189,857(i)	1,222,313
Cash generated from operations	3,848,174		4,098,691
Income taxes paid	(170,947)		(170,947)
Interest paid	(5,100)	(10,987)(i)	(16,087)
Interest received	16,930		16,930
Net cash from operating activities	3,689,057		3,928,587
Cash flows from investing activities			
Proceeds from disposal of plant and equipment	33,917	18,794(i)	52,711
Purchase of investments available-for-sale	–	(152,788)(i)	(152,788)
Purchases of plant and equipment	(120,945)	(2,320,283)(i), (iii)	(2,441,228)
Net cash used in investing activities	(87,028)		(2,541,305)
Cash flows from financing activities			
Dividends paid	(1,500,000)		(1,500,000)
Fixed deposits pledged	129,544		129,544
Repayments of bank borrowings	(755,651)	473,861	(281,790)
Repayments of finance lease obligations	(13,991)	(10,641)	(24,632)
Net cash used in financing activities	(2,140,098)		(1,676,878)
Net change in cash and cash equivalents	1,461,931		(289,596)
Cash and cash equivalents at beginning of financial year	1,048,298		1,048,298
Cash and cash equivalents at end of financial year	2,510,229		758,702

PROFORMA GROUP CASH FLOW STATEMENT FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006

	Nine months ended 2006		
	(Audited consolidated cash flow statement) $	Proforma adjustments $	(Unaudited proforma group cash flow statement) $
Cash flows from operating activities			
Profit before income tax	1,903,399	251,833[(ii)]	2,155,232.
Adjustments for:			
Allowance for doubtful trade receivables	450		450
Depreciation of plant and equipment	578,161	90,785[(ii)]	668,946
Plant and equipment written off	179	9,421[(ii)]	9,600
Interest expense	1,059	2,433[(ii)]	3,492
Interest income	(17,355)		(17,355)
Loss on disposal of plant and equipment	4,106		4,106
Operating profit before working capital changes	2,469,999		2,824,471
Working capital changes:			
Inventories	(3,469)		(3,469)
Trade and other receivables	(267,814)	(295,236)[(ii)]	(563,050)
Trade and other payables	(1,369,342)	194,810[(ii)]	(1,174,532)
Cash generated from operations	829,374		1,083,420
Income taxes paid	(403,875)		(403,875)
Interest paid	(1,059)	(2,433)[(ii)]	(3,492)
Interest received	17,355		17,355
Net cash from operating activities	441,795		693,408
Cash flows from investing activities			
Proceeds from disposal of plant and equipment	3,499		3,499
Proceeds of investments available-for-sale	–	43,983[(ii)]	43,983
Purchases of plant and equipment	(539,964)	(1,394,856)[(ii), (iii)]	(1,934,820)
Net cash used in investing activities	(536,465)		(1,887,338)
Cash flows from financing activities			
Dividends paid	(1,000,000)		(1,000,000)
Fixed deposits pledged	1,005,480		1,005,480
Proceeds from bank borrowings	–	13,200[(ii)]	13,200
Repayments of finance lease obligations	(5,358)	(75,864)[(ii)]	(81,222)
Net cash from/(used in) in financing activities	122		(62,542)
Net change in cash and cash equivalents	(94,548)		(1,256,472)
Cash and cash equivalents at beginning of financial period	2,510,229		2,510,229
Cash and cash equivalents at end of financial period	2,415,681		1,253,757

Explanatory Notes:

(a) Significant events

Save for the following significant events relating to acquisitions of assets (the "Significant Events"), the Directors, as at the date of this report, are not aware of any significant acquisitions/disposals of assets which have occurred since 31 December 2005 and any significant changes made to the capital structure of the Company subsequent to 30 September 2006:-

– On 1 November 2006, the Group has completed the acquisition of 50.98% interest in Y.E.S F&B Group Pte. Ltd. for a total consideration of $197,000 by way of conversion of the convertible loan.

– The Proforma Group acquired plant and equipment of approximately $1,886,217 since 31 December 2005 to Latest Practicable Date and approximately $1,138,469 since 30 September 2006 to Latest Practicable Date.

(b) Basis of preparation of the unaudited Proforma Group financial information

The unaudited Proforma Group financial information have been prepared based on the following:

– audited consolidated financial statements of Soup Restaurant Group Limited for the financial year ended 31 December 2005 and nine-month financial period ended 30 September 2006, prepared in accordance with Singapore Financial Reporting Standards by the Directors and audited by BDO Raffles, in accordance with Singapore Standards on Auditing. The auditors' reports on these financial statements were not qualified;

– audited financial statements of Y.E.S F&B Group Pte. Ltd. for the financial year ended 31 December 2005 and unaudited financial statements of Y.E.S F&B Group Pte. Ltd. for nine-month financial period ended 30 September 2006, prepared in accordance with Singapore Financial Reporting Standards by the Directors; and

– the financial statements of Y.E.S F&B Group Pte. Ltd. for the financial year ended 31 December 2005 were audited by CW Yit & Associates, Certified Public Accountants, Singapore, in accordance with Singapore Standards on Auditing and their auditors' report stated that Audited financial statements of Y.E.S F&B Group Pte. Ltd. for the financial year ended 31 December 2004 were not available. As a result of the limitation in evidence to them, they were unable to satisfy themselves as to the fairness of the opening balances as at 1 January 2005.

The unaudited Proforma Group financial information for the financial year ended 31 December 2005 and nine-month financial period ended 30 September 2006 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what:

– the financial results and cash flows of the Company and its subsidiaries (the "Proforma Group") for the financial year ended 31 December 2005 and nine-month financial period ended 30 September 2006 would have been if the Significant Events discussed above had occurred on 1 January 2005; and

– the financial position of the Proforma Group as at 31 December 2005 and 30 September 2006 would have been if the Significant Events had occurred on those dates.

Based on the assumptions discussed above, the following material adjustments have been made to the financial statements of Soup Restaurant Group Limited in arriving at the unaudited Proforma Group financial information included herein:

(i) inclusion of audited financial statements of Y.E.S F&B Group Pte. Ltd. for the financial year ended 31 December 2005, assuming that the acquisition of Y.E.S F&B Group Pte. Ltd. as disclosed in Note (a) to the proforma financial information had occurred at the end of the financial year.

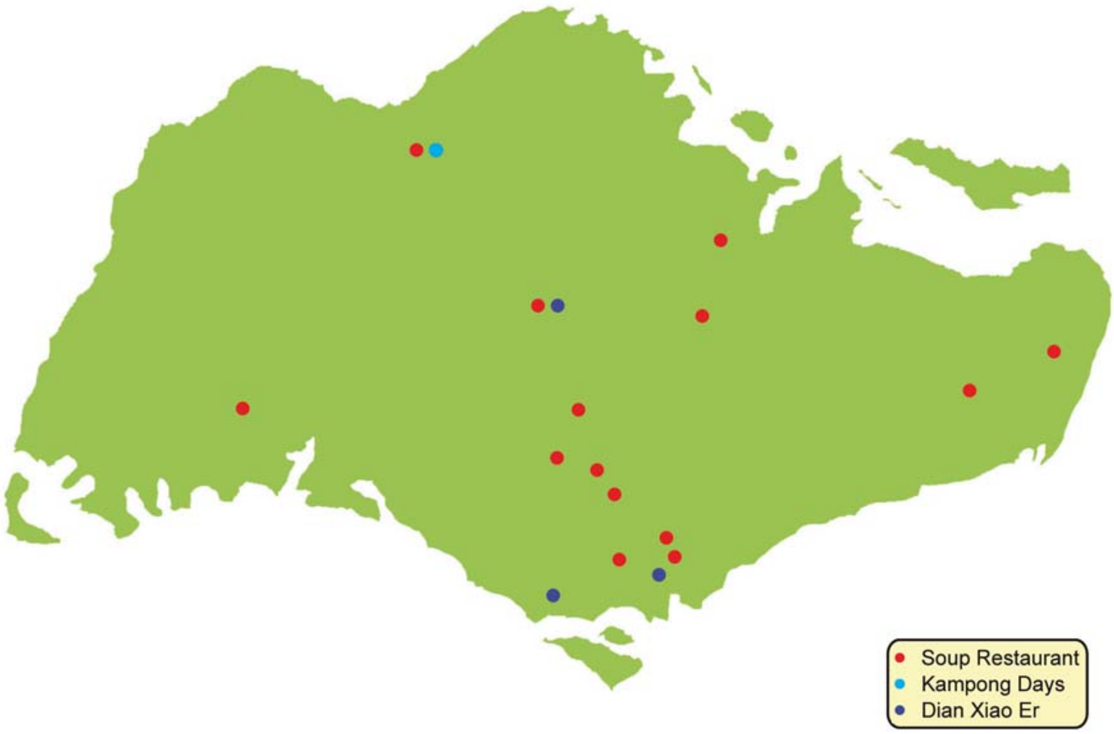
(ii) inclusion of unaudited financial statements of Y.E.S F&B Group Pte. Ltd. for the nine-month financial period ended 30 September 2006, assuming that the acquisition of Y.E.S F&B Group Pte. Ltd. as disclosed in Note (a) to the proforma financial information had occurred at the end of the financial period.

(iii) being adjustments to effect the acquisition of plant and equipment as describe in Note (a), taking into account the cash consideration for the acquisition, assuming that the acquisition had occurred on 1 January 2005.

In the opinion of Directors, no adjustments for additional revenue and depreciation were required for the acquisition of the plant and equipment as they were not available for use in the manner intended by the management in the periods presented.

The unaudited Proforma Group financial information, because of their nature, is not necessarily indicative of the results of the operations, cash flows or the related effects on the financial position that would have been attained had the Significant Events actually occurred earlier. Save as disclosed in the Explanatory Notes, the Directors, for the purposes of preparing this set of Proforma Group financial information, have not considered the effects of the other events.

Easily accessible and strategically located outlets to reach a wider base of customers



SOUP RESTAURANT

- *AMK Hub*
- *Causeway Point*
- *Century Square*
- *Changi Airport*
- *Compass Point*
- *Hougang Mall*
- *Jurong Point*
- *Paragon*
- *Scottswalk*
- *Seah Street*
- *Smith Street*
- *Suntec City*
- *The Centrepoint*
- *United Square*

KAMPONG DAYS

- *Causeway Point*

DIAN XIAO ER

- *AMK Hub*
- *Marina Square*
- *VivoCity*

Soup Restaurant Group Limited

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