



SOUP
RESTAURANT

人情味

Taste of Life

Annual Report 2018

CORPORATE PROFILE

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

Today, the Company is listed on the Mainboard of the Singapore Exchange Limited and operates a portfolio of well-known food and beverage brands. The Group currently has 18 restaurant outlets in Singapore and Malaysia, as well as two franchised outlets in Indonesia.

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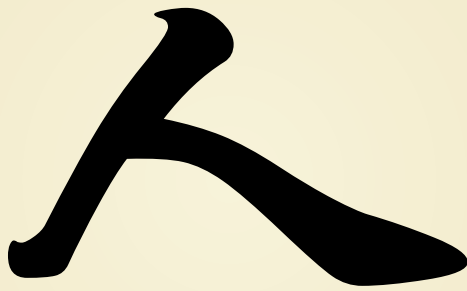
Taste of Life

As we reflect on our past year's achievements with pride, we look forward to the future by renewing our promise to our employees, customers and the community that we are a company which focuses on people, building long-lasting ties that bind through our values and our food.

Striving to grow our business for the future by re-inventing ideas and cultivating in our employees our Company values of integrity, diligence, learning and creativity.

Our cuisine draws inspiration from our Samsui heritage. With the authentic traditional recipes handed down by the Samsui Woman of yesteryear, we aim to continue serving healthy and wholesome home-style food to our customers of all generations for many years to come.





Our People, Our Foundation

Dedication in preparing each meal from scratch with quality ingredients. Welcoming you to our restaurants with warmth and geniality. Our people are the ambassadors of our brand commitment to serve you for generations to come.

CHAIRMAN'S MESSAGE

“ *The Group's performance saw a year-on-year improvement in FY2018, continuing with the momentum of achieving a twofold increase in our profit in FY2017.* ”

Dear Shareholders,

It is with pleasure that I present to you the Annual Report of Soup Restaurant Group Limited for the financial year ended 31 December 2018 (“FY2018”) on behalf of the Board of Directors.

YEAR-ON-YEAR GROWTH

The Group's performance saw a year-on-year improvement in FY2018, continuing with the momentum of achieving a twofold increase in our profit in FY2017 as compared to the year before.

This financial year, the Group has increased its profit by another 20.3%, reporting a profit before tax of \$2.6 million. Earnings per share has also increased to 0.78 cents.

Our revenue improved by \$3.3 million or 8.1% to \$43.9 million, compared to \$40.6 million the previous year. The increase was mainly due to revenue derived from online delivery services - which was extended to all our brands and outlets - and the opening of our new outlet in June 2018 at the re-furbished Century Square. In addition, revenue from the Group's food processing, distribution and procurement services segment (“Food Processing Segment”) increased by \$1.1 million, mainly due to the supply of ready meals and the sale of our Samsui range of sauces.

INCREASE PROFITABILITY AND PRODUCTIVITY

The Group's primary focus in FY2018 was to review the business models of our various brands and business units to streamline processes for better economies of scale and improved profitability.

We extended beyond the traditional model of walk-in customers by embracing online delivery services through our website and food delivery platforms and active steps were taken to secure corporate events, contracts for catering and supply of ready meals, thereby maximising our existing and central facilities which improved profitability and productivity for the Group.

As a result, our overall employee benefits expenses decreased by 1.7 percentage point to 33.8%.

NEW SAMSUI KITCHEN

During the year, the Group licensed new premises from SG Enable at Enabling Village in Lengkok Bahru. In line with our vision of building a sustainable ecosystem to do good, we launched a second Samsui Kitchen at Enabling Village in November 2018. We focus on the training and deployment of persons with disabilities (“PWDs”) in all aspects of our operations. The first Samsui Kitchen was launched in Changi Prison Complex in October 2017.

The Group's Samsui Kitchens enable the Group to marry its core competencies in the food and beverage sector with its social beliefs and responsibilities as a home-grown local company, building a sustainable ecosystem for good.

CHAIRMAN'S MESSAGE

CORPORATE SOCIAL RESPONSIBILITY

The Group continued with various CSR programmes this year, supporting several voluntary welfare organisations, including the Association For Persons With Special Needs (APSN), and Alzheimer's Disease Association amongst others.

Kicking off 2018 was a feature on our Samsui Kitchen by Catalyst Asia, a publication by the Institute of Societal Leadership at the Singapore Management University. The Group's subsidiary, Samsui Supplies & Services Pte Ltd ("Samsui Supplies") was also selected to be featured in a special National Day exhibition by the Singapore Discovery Centre, titled "We're Singapore" highlighting the Group's efforts to engage one group of beneficiaries to benefit another group. Samsui Supplies was invited to be part of the DBS Social Enterprise Summit and for the second year running, was again named a Champion of Good for 2018 by the National Volunteer & Philanthropy Centre (NVPC).

CHANNELNEWSASIA CHAMPION OF CHANGE

In addition, it is with great pride that I wish to announce that Samsui Supplies' Director - Mr Ang Kian Peng – was selected as one of 20 promising and outstanding individuals in Asia whose enterprising spirit, innovation and selflessness has uplifted the community around him. The Champions of Change program - a ChannelNewsAsia documentary broadcast in 28 territories and on online media platforms - showcases the two Samsui Kitchens set up in Singapore to engage inmates and PWDs with a target to serve up to 1.8 million meals annually, served to beneficiaries of various nursing homes and voluntary welfare organisations all over Singapore.

FUTURE OUTLOOK

The Group aims for a cautious expansion of our portfolio of outlets in Singapore and overseas. As of now, we will open a new concept outlet at the upcoming Jewel Changi Airport in April 2019 and a revamped outlet at Suntec City in the third quarter of 2019. In addition to the traditional restaurant model, the Group will continue to explore other revenue streams. We will widen our distribution networks for increased revenue, outreach and customer base, through our catering and supply of ready meals business.

We will continue to leverage on our central facilities to further improve our productivity through the vertical integration of our processes for streamlining and better cost control. To this end, our Malaysian subsidiary is in the midst of launching a third Samsui Kitchen in Malaysia for our production and processing needs. We believe this will also help us secure more competitive pricing in the procurement of raw materials and help to maintain our food quality and consistency for future expansion.

We remain committed to our vision as a “百年三盅” - 100 year old Singapore iconic brand and strive to do good for our employees, customers and community to continue serving families of all

DIVIDEND

I am also happy to announce that the Group's stellar results have allowed the Board of Directors to propose a final dividend of 0.65 cents per share for FY2018 to reward our shareholders for their unstinting support all these years.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to convey my heartfelt thanks to you, our shareholders, for your unstinting support. I would also like to acknowledge our customers, suppliers and business associates for your steadfast support throughout the year.

Last but not least, I wish to extend my appreciation to my fellow Directors for their guidance and wise counsel, and to the management team and all staff for their dedication and hard work.

Professor Cham Tao Soon

Non-Executive Chairman
29 March 2019

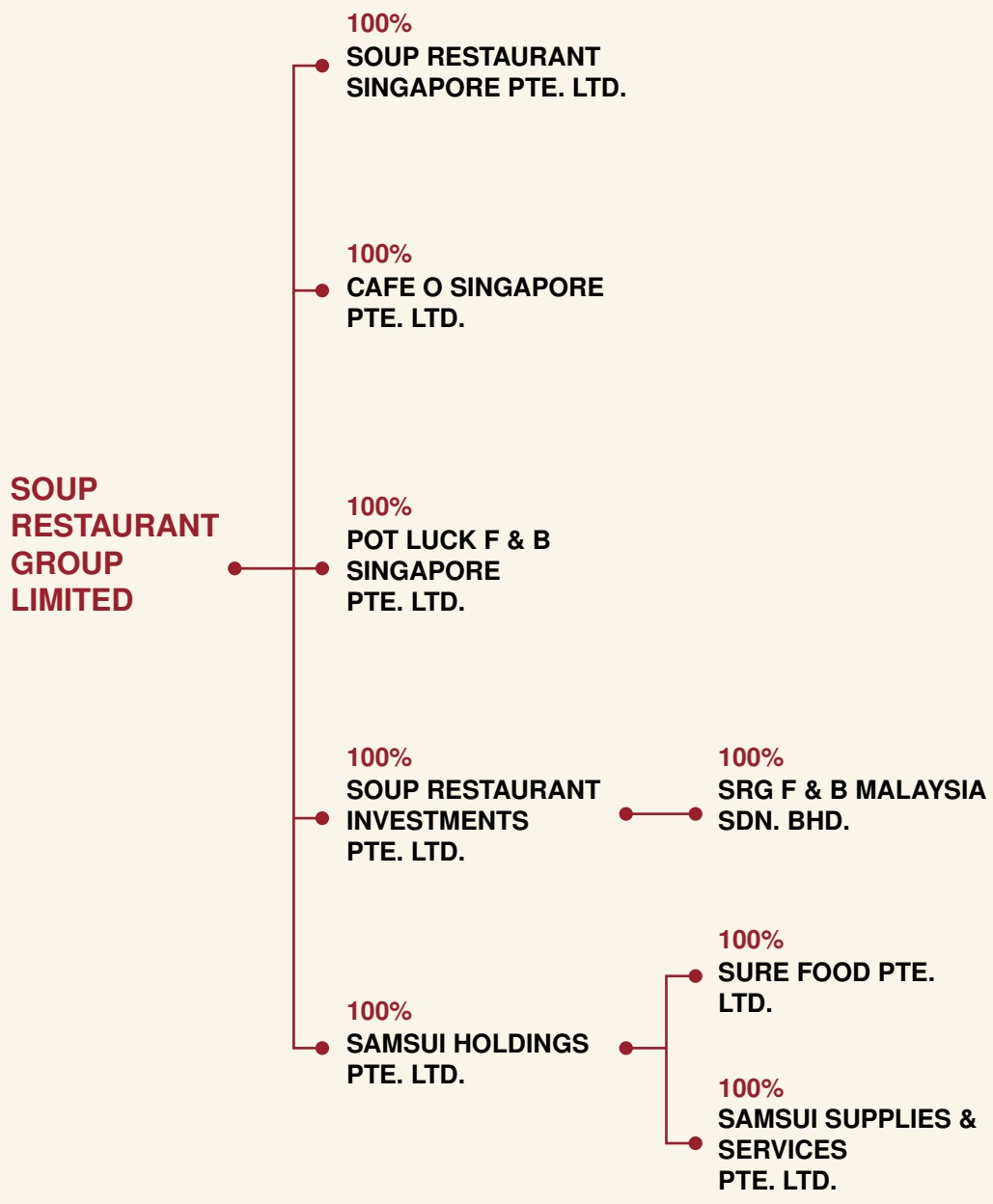


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**With Compassion and
Passion, We Serve**

Experience the sentiments of sharing a meal with family and friends. A place to reminisce and remember, evoking a sense of nostalgia. Everyday is a reunion at Soup Restaurant.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Professor Cham Tao Soon

Members

Wong Wei Teck
Wong Chi Keong
Then Khek Koon
Chua Koh Ming
Saw Meng Tee

AUDIT COMMITTEE

Chairman

Saw Meng Tee

Members

Professor Cham Tao Soon
Chua Koh Ming

NOMINATING COMMITTEE

Chairman

Chua Koh Ming

Members

Professor Cham Tao Soon
Saw Meng Tee
Wong Wei Teck

REMUNERATION COMMITTEE

Chairman

Professor Cham Tao Soon

Members

Chua Koh Ming
Saw Meng Tee

COMPANY SECRETARY

Chong In Bee

REGISTERED OFFICE

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

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

BDO LLP

Public Accountants and Chartered Accountants

600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Audit Partner-in-charge

Yeo Siok Yong
(appointed in financial year 2016)

BOARD OF DIRECTORS

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

Professor Cham was appointed as Non-Executive Chairman on 1 August 2012. He had stepped down as Chairman of the Audit Committee and was appointed as Chairman of Remuneration Committee with effect from 26 February 2019. He is also a member of the Nominating and Audit Committees. He has more than 30 years of experience in the academia sector and is currently the Deputy Supervisor to United Overseas Bank (China) Limited. He is on the Advisory Board of SAP (Asia Pacific Japan) and also sits on the board of a public listed company, NSL Ltd.

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

WONG WEI TECK (Managing Director)

Mr Wong was appointed as Managing Director of the Group on 1 May 2016. He is a co-founder and has been with the Company since 1991. He is responsible for the overall management, strategic planning and business development of the Group. Mr Wong was instrumental to the Group's growth and development over the years and its listing on the Singapore Exchange. Before his appointment as Managing Director, Mr Wong was an Executive Director of the Group for 17 years and was responsible for the corporate development of the Group including human resource, information technology and management system, as well as the Group's Corporate Social Responsibility initiatives. Prior to joining the Group, he worked as a civil engineer with several companies, including Mass Rapid Transit Corporation (now the Land Transport Authority) and Taylor Woodrow PLC construction group.

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

WONG CHI KEONG (Executive Director)

Mr Wong, a co-founder of the Company, was appointed as Executive Director on 15 June 2011. He is involved in the brand development, marketing and promotion, public relations, design and project management, as well as upgrading and maintenance of the restaurant outlets. Mr Wong has many years of experience in engineering consultancy and property investment.

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

BOARD OF DIRECTORS

THEN KHEK KOON (Executive Director)

Mr Then was appointed as Non-Executive Director on 19 September 2004 and was re-designated to Executive Director on 1 January 2012. He oversees the corporate and business development of the Group. Under the Samsui line of companies, Mr Then oversees the food processing business and the procurement of food and services. A veteran in the oil and gas sector, Mr Then has over 20 years of experience leading oil trading, bunkering and risk management teams and was appointed an expert advisor in a forensic audit project in this sector. He has vast experience in corporate management and governance, having held directorships of various companies in different sectors.

Mr Then holds a Bachelor of Mechanical Engineering from the University of Singapore and was the past President of the NUS Engineering Alumni as well as the Engineering Society.

CHUA KOH MING (Independent Director)

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

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

SAW MENG TEE (Independent Director)

Mr Saw was appointed as Independent Director on 23 March 2007. He had stepped down as Chairman of the Remuneration Committee and was appointed as Chairman of Audit Committee with effect from 26 February 2019. He is also a member of the Nominating and Remuneration Committees. He is a partner of a firm of Chartered Accountants which he established in 1999, known as EisnerAmper PAC, a member of the EisnerAmper Globalnetwork. He serves as a member of Accounting and Corporate Regulatory Authority of Singapore (ACRA)'s Complaints and Disciplinary Panel.

He holds a Bachelor of Accountancy from Nanyang Technology University and is a Fellow Chartered Accountant registered with the Institute of Singapore Chartered Accountants, a member of Institute of Chartered Accountants in England and Wales and a Fellow of the Insolvency Practitioners Association of Singapore.

KEY MANAGEMENT

CHONG IN BEE **(FINANCIAL CONTROLLER)**

Ms Chong was appointed as Financial Controller on 3 July 2015 and is responsible for the overall financial reporting function of the Group. She is also the Company Secretary for the Company and its subsidiaries in Singapore.

Ms Chong has more than 15 years of experience in the auditing and accounting profession. Prior to joining the Group, she worked as Finance Manager in a public-listed company and an auditor in public accounting firms.

She holds a Bachelor of Accountancy from Multimedia University, Malaysia and is a Chartered Accountant of Singapore (CA Singapore) and a Fellow member of the Association of Chartered Certified Accountants.

FINANCIAL HIGHLIGHTS

FY2018	FY2017	FY2016	FY2015	FY2014
\$'000	\$'000	\$'000	\$'000	\$'000

REVENUE AND PROFITABILITY

Revenue	<u>43,878</u>	40,580	38,353	40,956	39,495
Profit before income tax	<u>2,584</u>	2,149	1,061	1,120	981
Profit attributable to owners of the Company	<u>2,190</u>	1,947	997	968	911

FINANCIAL AND CASH FLOW POSITION

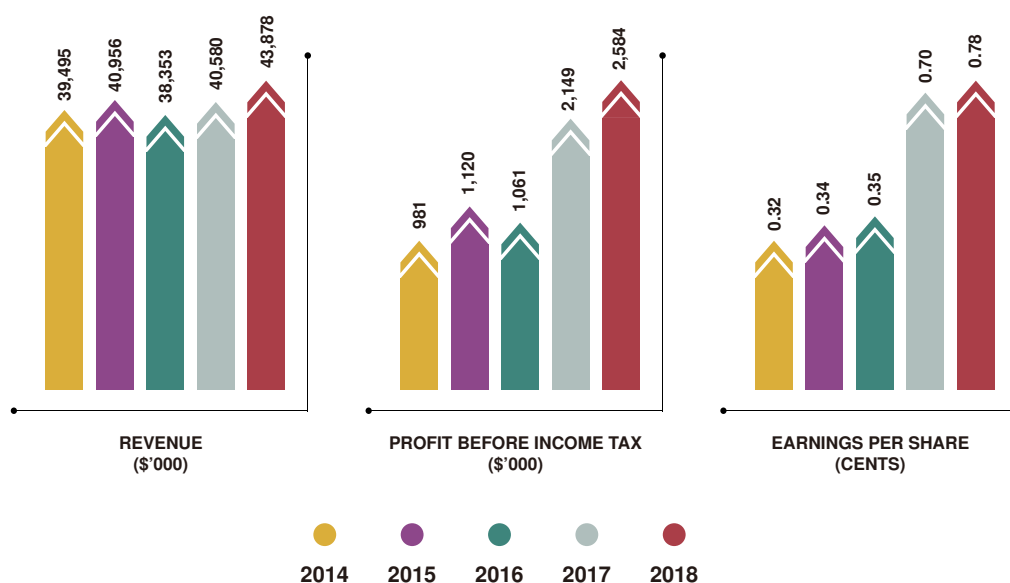
Current assets	<u>13,731</u>	11,727	11,320	12,819	13,637
Current liabilities	<u>5,702</u>	4,914	5,594	5,235	5,398
Total assets	<u>17,037</u>	15,494	14,929	15,811	17,668
Total liabilities	<u>5,972</u>	5,188	5,856	5,515	5,700
Total equity	<u>11,065</u>	10,306	9,073	10,296	11,968
Cash and cash equivalents	<u>10,039</u>	8,128	7,622	8,319	9,125

PER SHARE (CENTS)

Earnings per share ⁽¹⁾	<u>0.78</u>	0.70	0.35	0.34	0.32
Net asset value per share ⁽²⁾	<u>3.95</u>	3.68	3.24	3.64	4.19

Remarks:

- (1) Based on weighted average number of ordinary shares for the financial year.
- (2) Based on total number of issued shares as at the end of the financial year (excluding treasury shares).



OPERATING & FINANCIAL REVIEW

REVENUE AND PROFITABILITY

Revenue

The Group's revenue for the financial year ended 31 December 2018 ("FY2018") was \$43.9 million, an increase of \$3.3 million or 8.1% as compared to \$40.6 million for the financial year ended 31 December 2017 ("FY2017"). The increase in revenue was attributable to revenue of \$2.2 million for the operation of restaurants and \$1.1 million for the food processing, distribution and procurement services.

Revenue for the operation of restaurants increased mainly due to revenue of \$2.8 million from the online delivery services and opening of a Soup Restaurant outlet after the mall refurbishment in June 2018 at Century Square. The increase was offset by a decrease in revenue from the closure of outlets of \$0.6 million in FY2017 as a result of the Group's efforts to retain those with the potential to turnaround and exit those which are no longer in line with the Group's targets.

Revenue for the food processing, distribution and procurement services segment increased by \$1.1 million attributed to the supply of ready meals of \$0.7 million and the sales of Samsui range of sauces of \$0.4 million. The food processing and distribution business remains focused on its core strategies to assist the Group through procurement sourcing and management, as well as widening its distribution networks for its consumer goods and ready meals through the central kitchen located in Changi Prison Complex and a new catering kitchen located at Enabling Village which started operations in November 2018.

Other income

Other income decreased by \$0.1 million or 23.6% mainly due to a decrease in cash sponsorship income and an absence of a write back for expired vouchers as compared to FY2017.

Purchases and other consumables

The Group continues to tighten costs control and manage the quality of raw materials used for our restaurant business through alternative sourcing of raw materials and bulk purchasing controlled by the Group's procurement arm and central kitchen facilities. Purchases and other consumables were maintained at 21.5% of revenue as compared to FY2017, despite rising market challenges.

Employee benefits expense

Employee benefits expense increased by \$0.4 million or 3.1% in FY2018 mainly due to an increase in directors' performance bonus of \$0.3 million and an increase of \$0.1 million which is associated with the increased business activities for the supply of ready meals. The increase of \$0.1 million as a result of the opening of a new outlet was offset by the decrease attributable to the closure of outlets.

Other expenses

Other expenses increased by \$1.4 million or 9.4% in FY2018 mainly due to an increase in sales commissions of \$0.6 million and packing materials of \$0.1 million, which are associated with online delivery and meal supply services, an increase in the cost of contract workers of \$0.1 million for the central kitchen operations as well as an increase in professional fees of \$0.1 million. Utilities and repair and maintenance increased by \$0.3 million in line with higher business activities.

OPERATING & FINANCIAL REVIEW

RESULTS FOR THE YEAR

In line with the above, the Group's profit before income tax grew to \$2.6 million, an increase of \$0.4 million or 20.3% in FY2018 as compared to FY2017. Earnings per share based on weighted average number of ordinary shares for FY2018 has also increased to 0.78 cents.

FINANCIAL POSITION REVIEW

Assets

Non-current assets decreased by \$0.5 million from \$3.8 million, as at 31 December 2017 ("FY2017"), to \$3.3 million as at 31 December 2018 ("FY2018"), mainly due to additions of plant and equipment of \$1.2 million and intangible assets of \$0.1 million, offset by depreciation and amortisation expenses of \$1.6 million.

Current assets increased by \$2.0 million or 17.1% as compared to FY2017 mainly due to an increase in trade and other receivables of \$0.1 million and an increase in cash and cash equivalents of \$1.9 million. Trade and other receivables increased mainly as a result of the increased revenue. The increase in cash and cash equivalents was attributable mainly to net cash from operating activities of \$4.4 million, offset by payments made for purchases of plant and equipment of \$1.0 million, payment for the final dividend of \$1.4 million and purchase of treasury shares of \$0.1 million.

Liabilities

Total liabilities increased by \$0.8 million mainly due to an increase in trade and other payables related to accrued staff-related costs and directors' performance bonus of \$0.4 million, increase in deferred income and provision for the reinstatement costs of a new outlet collectively at \$0.1 million, increase in other payables related to purchases of plant and equipment of \$0.1 million, and an increase in the current income tax payable of \$0.2 million.

Total Equity

Total equity increased by \$0.8 million from \$10.3 million, as at FY2017, to \$11.1 million as at FY2018, attributable mainly to the payment of the final dividend of \$1.4 million, offset by profit reported during the financial year. The Group's net asset value per share stood at 3.95 cents as at FY2018.





Taste of Home

Preserving our rich heritage of the Samsui Woman and her recipes. Our food is simple yet delectable, reminiscent of simpler times when food was home-cooked, delicious and piping hot. Soup Restaurant - where you go home to eat (回家吃饭).

OUR BRANDS



SOUP RESTAURANT

In 1991, Soup Restaurant started serving our customers from a shophouse in Chinatown with only 6 staff and 6 dining tables. After 28 years of conscientious effort in improving the quality and consistency of our food and service, we have grown into a restaurant chain with outlets spread across Singapore, Malaysia and Indonesia.

Soup Restaurant specializes in serving traditional Chinatown home-cooked dishes which are collectively known as Chinatown Heritage Cuisine. At Soup Restaurant, our unique Samsui Ginger Chicken, steamed minced pork and herbal soup remind our customers of the tasty and nutritious meals that have bonded families for generations.

The recipe for our signature Samsui Ginger Chicken was handed down from the Samsui Woman, who was among the pioneers who built modern Singapore. In the 1920s to 1940s, she immigrated to Singapore from southern China in search of employment. With her trademark red-cloth headgear, she toiled in the construction sites, working with her bare hands. Every day, she looked forward to her daily ritual of a simple meal with her sisters from her hometown. During Chinese New Year, they gathered to enjoy their favourite dish – Samsui Ginger Chicken.

An icon of Chinatown known for her strength of character and resilience, the Samsui Woman leaves behind a heritage of unspoken simplicity and humility. At Soup Restaurant, we believe in simplicity and we strive for extraordinary results out of the ordinary.



Soup Restaurant HERITAGE

We continuously strive for excellence and we do it with passion and dedication to preserve our heritage.

From the experiences accumulated over the past 28 years, we have now launched “Soup Restaurant HERITAGE” with a wider variety of Chinatown Heritage dishes offered in a new Heritage Menu, a new 4th generation dining ambience and enhanced customer-focused service.

“Soup Restaurant HERITAGE” elevates our customer’s dining experience to a whole new level.

OUR BRANDS

TEAHOUSE by Soup Restaurant

During the 1950s to 1970s, there were many renowned tea houses in Chinatown where enjoying a pot of hot Chinese tea with dim sum delicacies was a daily ritual for the locals.

At “TEAHOUSE by SOUP RESTAURANT”, we serve a wide variety of Nanyang inspired Dim Sum, such as our special “4 Beauties (Samsui Ginger Bao, Earthen Bowl Carrot Cake, Spinach Dumpling with Prawns and Crispy Prawn Cheong Fun)”, “Ma Jie Chives Dumpling and more.

Amidst an authentic tea house setting, customers can now relive the good old days while enjoying our handmade Dim Sum and Chinatown Heritage Cuisine.



CAFE O

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

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



POT LUCK

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

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



OUR FOOTPRINT

SINGAPORE

SOUP RESTAURANT

Clementi Mall

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

Compass One

1 Sengkang Square
#03-12
Compass One
Singapore 545078

Holland Village

118 Holland Avenue
#01-02
Raffles Medical
Holland Village
Singapore 278997

Hougang Mall

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

Jurong Point

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

nex

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

Paragon

290 Orchard Road
#B1-07
Paragon
Singapore 238859

United Square

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

VivoCity

1 HarbourFront Walk
#02-141
VivoCity
Singapore 098585

Soup Restaurant HERITAGE

Suntec City

3 Temasek Boulevard
#B1-122
Suntec City Mall
Singapore 038983
(Closed for mall refurbishment
and opening in
third quarter 2019)

Changi Airport T2

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

TEAHOUSE by Soup Restaurant

Changi Airport T1

Singapore Changi
Airport Terminal 1
#03-19
Viewing Mall Central
Singapore 819642

Century Square

2 Tampines Central 5
#01-20
Century Square
Singapore 529509

IMM Building

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

SAMSUI

Jewel

78, Airport Boulevard
#03-201
Singapore 819666
(Opening in April 2019)

CAFE O

Holland Village

118 Holland Avenue
#01-01
Raffles Medical
Holland Village
Singapore 278997

IMM Building

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

POT LUCK

IMM Building

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

MALAYSIA

SOUP RESTAURANT

1 Utama

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

INDONESIA*

SOUP RESTAURANT

Plaza Indonesia

3rd Floor, Unit 29-31A
Central Jakarta

Pondok Indah Mall 2

3rd Floor, No. 336
South Jakarta

* Franchised outlets



Sustainability Report

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BOARD STATEMENT

The Board of Directors remains focused on the Group's shared values, integrity-driven practices and efforts to positively contribute to both society and the environment. The Group remains committed towards sustainability in our business practices and believe that a good sustainability strategy to stimulate change within the organisation, set goals and effectively manage change will ensure we achieve our mission.

In our second Sustainability Report (the "Report"), we address the issues relevant to our stakeholders and industry, both positive and negative, and track our performance on the initiatives undertaken in the past year. We will also assess whether our efforts to reach out to our employees and partners to embrace these initiatives to benefit the community and the environment have shown the desired results.

Our direct engagement with stakeholders enabled the Group to identify and disclose our Environmental, Social and Governance ("ESG") practices and performances to stay relevant to our stakeholders and demonstrate a strong will to act upon our long-term and continuing commitment to better future performance and improve positive impacts, progressing towards achieving our Group's vision of attaining 100 years and beyond.



百年精神，造福人群

Soup Restaurant is committed to keep our vision alive moving towards our 100th year and beyond as a Singapore iconic brand.

ABOUT THIS REPORT

The Report describes the sustainability performance of the Group for the financial year ended 31 December 2018 ("FY2018").

REPORTING FRAMEWORK

The Report is prepared in accordance with the framework set out by the Singapore Exchange ("SGX-ST"), guided by the internationally accepted Global Reporting Initiative (GRI) Standards: Core Option.

REPORTING PERIOD AND COVERAGE

The Report is applicable for the Group's financial year ended 31 December 2018.

The Report is prepared in respect of our business activities in Singapore for the reporting period by considering the significance of ESG factors.







FEEDBACK

We welcome feedback from all stakeholders on this Report as a way to improve our sustainability practices. You may send your comments or feedback to our investor relations email account at email@souprestaurant.com.sg

STAKEHOLDER ENGAGEMENT

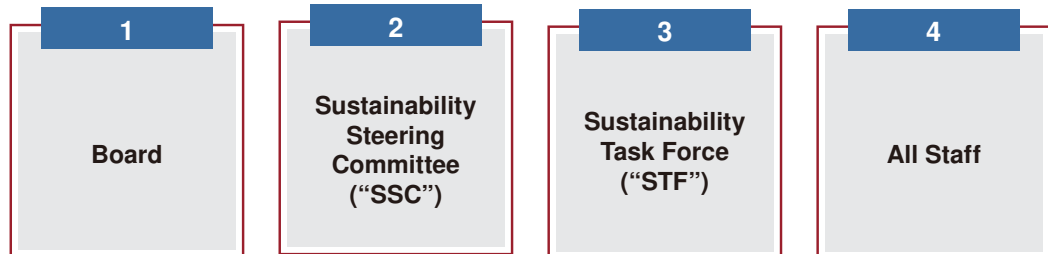
Having identified the stakeholders is an important step for the success of our sustainability practices. Regular engagement with the stakeholders has enabled us to better understand the material issues that affect them and helps us direct our focus on creating the desired sustainable value.

We have identified the key stakeholders who affect and/or could be affected by our organisation's activities, products or services and we engage them in a variety of formal and informal ways through the following channels:

S/N	Key Stakeholder	Engagement Channel	Frequency of Engagement
1	Customers 	We encourage customers to provide their feedback, primarily through emails to our sales and services team and social media platforms such as Facebook. All the feedback is circulated to the Management team, including the Executive Directors. Customer satisfaction is important to us and the feedback collected enables our Group to improve our services, operations and business.	Daily
2	Employees 	Executive Directors and senior management personnel visit our restaurants and central kitchens regularly to discuss the work schedule, progress and to understand first-hand the working conditions of our employees. During these sessions, Management is able to communicate with employees directly and share the business goals and values of the Group. Employees are encouraged to express their views and provide insights and information. Direct communication with our staff aligns the employees with our organisation's goals and values, and they are motivated to contribute to organisational success, with an enhanced sense of their own well-being. Other channels used include emails, regular meetings and annual staff evaluation sessions.	Throughout the year
3	Community 	We work closely with various charity organisations and voluntary welfare homes to provide nutritious meals to their beneficiaries. We leverage on our core competency in the food and beverage sector to do good for the community. We also facilitate employment for the under-served segments in our community, such as ex-convicts and persons with disabilities. We strive to create an ecosystem for doing good as we believe this promotes sustainable positive vibes in the community.	Throughout the year
4	Regulators 	We regularly attend training sessions and seminars organised by regulators, auditors and consultants to raise awareness of changes in laws and regulations that impact our business and to ensure compliance with them.	Throughout the year
5	Shareholder 	We announce quarterly and full year results and any material and price-sensitive information to the public via SGXNET on a timely basis. Shareholders are encouraged to participate at annual general meetings and communicate their views on various matters affecting the Company.	Throughout the year Annually
6	Suppliers 	We maintain a good relationship with our suppliers and work closely with them. Suppliers are assessed and evaluated in terms of pricing, quality, delivery reliability and service performance. Feedback on any quality issues arising is communicated to suppliers immediately to ensure transparency. This is also to ensure the quality of products or services delivered to our Group.	Throughout the year

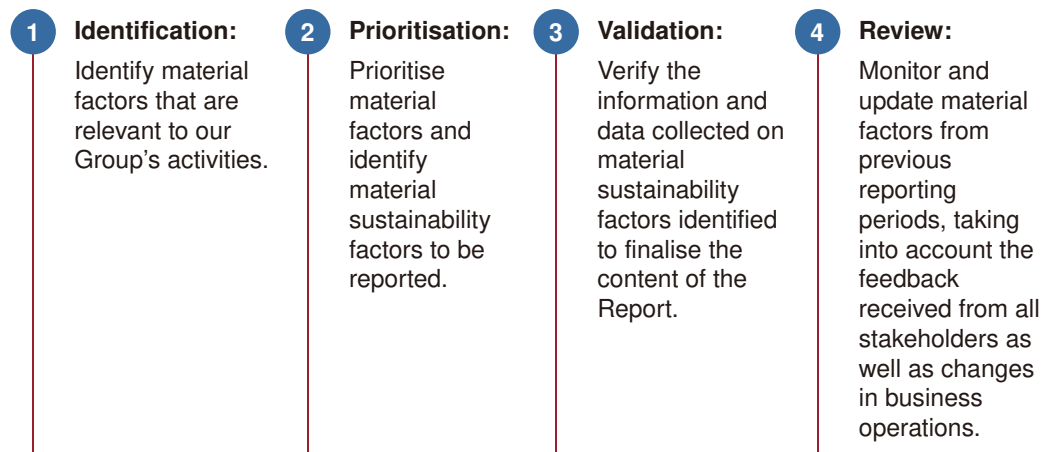
SUSTAINABILITY GOVERNANCE

The Board oversees and manages the direction, approach and performance of sustainability of the Group, supported by the SSC which comprises of senior management executives led by the Managing Director. The SSC is tasked to develop the sustainability strategy, set goals and targets, conduct materiality assessment and identify the high impact sustainability areas towards which we drive our efforts.



SUSTAINABILITY REPORTING PROCESSES

The sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in the Report. The chart below shows the processes involved.



MATERIALITY ASSESSMENT

Under our Group Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

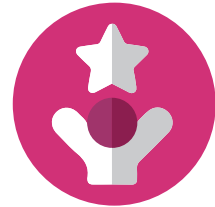
Reporting Priority	Description	Criteria
I	High	Factors with high reporting priority are reported in detail.
II	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
III	Low	Factors with low reporting priority may be reported to fulfill regulatory or other reporting requirements. They are not included in this Report if not material.

MATERIAL FACTORS

The material factors selected for sustainability reporting are listed below.

Category	Material Factor	Reporting Priority	Stakeholder
Social	Food Safety and Hygiene	I	Customers
	Diversity and Equal Opportunity	I	Employees
	Employee and Talent Retention	I	Employees
	Occupational Health and Safety	I	Employees
	Giving Back to Community	II	Community
Environmental	Energy and Water Conservation	II	Community
Economic	Sustainable Business Performance	I	Shareholders
Governance	Corporate Compliance	I	All Stakeholders and Regulators

SOCIAL



I) FOOD SAFETY AND HYGIENE

Our Group's principal activities are in the operations of restaurant outlets and central kitchen food processing facilities. There is absolutely no room for any compromise in food safety. The Group has established a set of Standard Operating Procedures ("SOPs") to govern and monitor the food preparation and food-handling processes in day-to-day operations. From time to time, we will conduct a review of the SOPs to update and improve our practices.

THE HEALTH AND SAFETY OF OUR CUSTOMERS IS OUR TOP PRIORITY AND WE ARE COMMITTED TO PRODUCE AND SERVE SAFE AND CLEAN QUALITY FOOD WITH HIGH STANDARDS OF FOOD SAFETY BEST PRACTICES THAT CONFORM TO ALL REGULATORY REQUIREMENTS.

Our centralised procurement team sources from responsible suppliers. They select, monitor and assess suppliers according to the Group's SOPs, which include carrying out interviews, periodic performance reviews, sample tests and visits to suppliers' storage locations.

To uphold our high standards of product quality and safety, the following policies are in place:

- 1 In-house audit team conducts regular Branch Quality Checks to ensure strict compliance with our SOPs.
- 2 Central kitchens implement a manual for the Hazard Analysis Critical Control Point ("HACCP"), a globally recognized system used to identify, reduce and eliminate potential food safety hazards.
- 3 A third party laboratory service is engaged to perform periodic testing of food products to ensure food safety and quality.
- 4 All staff handling food at the outlets and central kitchens must attend courses on food and beverage safety and hygiene.
- 5 All food will be stored and processed under safe conditions and within the specified range of temperature according to statutory requirements and recommended approved guidelines.
- 6 All employees must maintain personal cleanliness and wear the correct protective clothing supplied at all times during their hours of work.

MATERIAL FACTORS CONT'D

As at 31 December 2018, we have 18 (2017: 15) certified food hygiene officers and will continue to train and promote more employees to qualify as food hygiene officers.

In FY2018 and FY2017, there were no major food safety incidents* during the reporting period.

Notwithstanding our best efforts, there were 4 (2017: 2) incidents of non-compliance with regulations resulting in fines and warnings issued by the National Environment Agency ("NEA"). We take such incidents very seriously and bring them to the attention of our Executive Directors.

To address these incidents, a dedicated and independent officer reporting directly to the Executive Directors, was appointed to monitor the hygiene practices on the ground at the outlets to ensure that the corrective actions undertaken address the issues fully.

Some of the corrective actions undertaken include:

- 1 conducting training session together with NEA officers.
- 2 interviews with our pest control vendors to understand the methods used and the engagement of multiple vendors for comparison and ad-hoc services.
- 3 reinforcing our internal processes and practices to ensure compliance with the regulations.



Training session with NEA officers

*A Major Food Safety Incident is defined as an incident whereby at least 5 unrelated customers (within the same period) are affected from consuming food items by the Group.

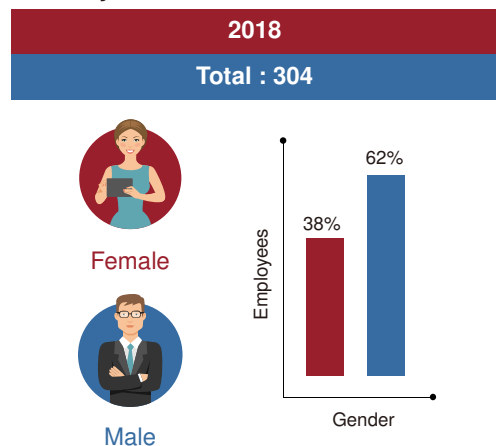
II) FAIR EMPLOYMENT

We recruit across different demographics and believe that a diverse team can boost problem-solving capabilities and lead to greater productivity with varied skills and working experiences. We work as a family and there are no differentiations regardless of age, gender, race, religion, nationality, disability or family status.

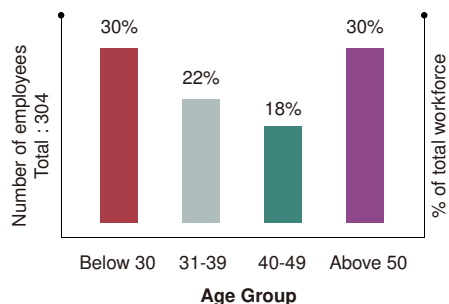
As at 31 December 2018, the percentage of female to total employees is 38% (2017: 35%). Nonetheless, three out of five departments in our organisation are led by female heads.

The Group also has a good spread of employees from different age groups with 30% (2017: 22%) of our total workforce above the age of 50. We value senior workers for their experience and knowledge and support our government's policy of offering re-employment to eligible employees who turn 62, as long as their health permits and they fulfil the job requirements.

Diversity of Gender



Diversity of Age



MATERIAL FACTORS CONT'D

We have signed and affirmed the Employer's Pledge of Fair Employment Practices, promoted under the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP"). We are committed to practise the 5 principles of Fair Employment Practices as set out:-

- 1 Recruit and select on the basis of merit (such as skills, experience or ability to perform the job) regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- 2 Treat our employees fairly and with respect and put in place progressive human resource management systems.
- 3 Provide employees with equal opportunities to be considered for training and development based on their strengths and needs, to help them achieve their full potential.
- 4 Reward our employees fairly based on their ability, performance, contribution and experience.
- 5 Comply with labor laws and abide by the Tripartite Guidelines on Fair Employment Practices.

As part of this commitment, our Group hires 5 (2017: 1) ex-convicts and 6 (2017: 10) employees with disabilities, in addition to some employees from underprivileged backgrounds, working in varied positions within the Group.

The Group operates 2 central kitchens which engage and train underserved segments of our community to ensure that they are equipped with useful skills for employment opportunities, whether within our Group or externally.

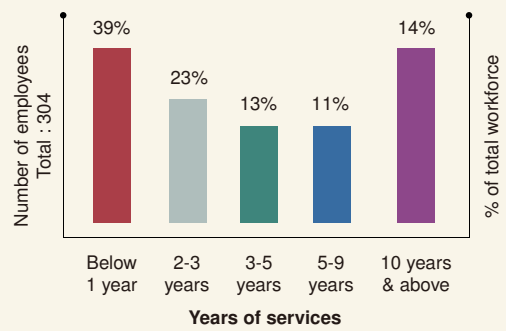
At Samsui Kitchen @ Changi, located within Changi Prison Complex, we engage and train, at any one point, up to 30 prison inmates in central kitchen production work utilising hi-tech kitchen equipment.

At our new Samsui Kitchen @ Enabling Village, we operate a specially-designed central kitchen with lower work-stations and 100% induction cookers to train persons with disabilities in food and beverage operations. We have committed to train and place more than 10 persons during our tenure there.

III) EMPLOYEE AND TALENT RETENTION

We recognise that employees are valuable assets to a company, especially in the food and beverage sector, which is labor-intensive. A low turnover and stable workforce enables us to develop more skilled employees, reduces recruitment and training costs while maintaining a high standard of quality service, which is critical for the success of our organisation. As at 31 December 2018, approximately 38% (2017: 42%) of our employees have more than 3 years of service with the Group.

Years of Service



An in-house Training Department was set up in FY2015 which is an Approved Training Organisation ("ATO") accredited by Workforce Singapore ("WSG"). The Group's outlets are Certified On-the-Job Training Centres ("OJTC") recognised by the Institute of Technical Education ("ITE"), whereby structured training and assessment systems have been implemented to provide in-house quality training to all levels of staff in our organisation. All employees are set a target to achieve, within a year, a minimum of 16 training hours.

MATERIAL FACTORS CONT'D

Group's Training Framework: STAR



Support

Ensure that the required training support is given.



Train

Gather training evaluation and feedback for relevant follow-ups.



Record

Maintain each employee's training records.



Assess

Direct the training at high priority areas for the greatest effect and maximum returns.

In FY2018, the Company has awarded an additional 125 (2017: 380) Statement of Attainment certificates to our staff, which is recognised nationwide.

While focusing on employee retention through the development of clear career pathways for existing staff, the Group also intends to attract new and talented employees to learn and grow with the Group. We have enrolled in the Professional Conversion Programme, Enterprise Training Support and Earn and Learn Programme, initiated by WSG and Skills Future. These training schemes ended in 2018 and the Company continues to assess the training needs of all employees across the organisation and design the training programmes internally or engage external trainers where necessary. The average training hours per employee per year is approximately 16 (2017: 26) hours.

Hours of Training



Total : 4,881

IV) OCCUPATIONAL HEALTH AND SAFETY

We are committed to create a safe and healthy workplace environment for our employees. We firmly believe that putting effort into employee wellness can encourage better teamwork, increased productivity and reduce sick leave and workplace accidents.

The following steps were implemented:

- 1 Inculcate an "everybody plays a part to create a safe and healthy working environment" mind-set to all staff through orientation programmes and training sessions. Staff are also given a workplace safety and health handbook for easy reference.
- 2 Create awareness of workplace safety issues by sharing workplace accident cases through regular newsletters and team-sharing sessions.
- 3 All outlets are provided with a Risk Management File with risk assessment questionnaires on respective critical areas.
- 4 Enhance safety measures by installing the following in all our kitchens:
 - a. Automatic Trip System - to ensure electrical system shut-down once there is a gas leak.
 - b. Gas Leak Detector - to shut down the gas inflow once a leak is detected.
 - c. Exhaust Control System – to shut down the gas inflow if the exhaust system malfunctions.

In FY2018 and FY2017, there were no workplace injuries resulting in a fatality or permanent disability.

MATERIAL FACTORS CONT'D

V) GIVING BACK TO COMMUNITY

Inter-woven into our corporate identity as a homegrown company is the Group's mission to give back to our community, in particular to the less fortunate amongst us. The Group strives to continue doing so in several ways as detailed below.

Unique Models of Our Samsui Kitchens

The Group operates 2 unique models of central kitchen facilities in Singapore :

- 1 Samsui Kitchen @ Changi set up in October 2017, in collaboration with the Singapore Corporation of Rehabilitative Enterprises ("SCORE"), operates within Changi Prison Complex.
- 2 Samsui Kitchen @Enabling Village set up in the last quarter of 2018 operates at Enabling Village in Lengkok Bahru.

The core purpose of both Samsui Kitchens is to train underserved segments of the community, such as prison inmates and persons with disabilities, and equip them with skills and knowledge for employment in the food and beverage sector. Samsui Kitchen @ Changi is equipped with modern hi-tech kitchen equipment to ensure up-to-date training for the trainees in a real-life production kitchen environment. Samsui Kitchen @ Enabling Village is equipped with lower work-stations and wider passageways suitable for wheelchair users and 100% induction cookers for a safer work environment. After completion of their training, Samsui also offers employment opportunities to the trainees.

For the second year in a row, Samsui was named as a Champion of Good in FY2018 by the National Volunteer and Philanthropy Centre.



Samsui Kitchen @ Enabling Village

Building A Sustainable Ecosystem

A cornerstone of our Group's values is to look after the people we come into contact with. For our customers, we strive to serve healthy and nutritious food reminiscent of home-style cooking of the Samsui Woman of yesteryear.

We adhere to this value by serving simple healthy and nutritious meals, but without compromising on taste, to beneficiaries of the nursing homes and voluntary welfare organisations ("VWOs") that we cater to. These chef-designed meals adhere to the Health Promotion Board's guidelines and cater to a variety of diets such as diabetic, low-salt, easy-chew, blended and vegetarian.

In this way, the Group strives to build a sustainable and inclusive ecosystem to do good.

Care for the less fortunate

In FY2018, the Group continued its partnership with the Alzheimer's Disease Association and hosted Memories Café sessions at various outlets for between 30 – 40 beneficiaries bi-monthly. The Group's staff volunteer to host and participate in these sessions to provide persons with dementia and their caregivers a safe and warm environment for social interaction and engagement activities. The Group then sponsors a sumptuous lunch for the entire group.

The Group also collaborated in projects with various groups such as the Association for Persons With Special Needs (APSN) and Beyond Social Services.



Nutritious meal served at Memories Cafe sessions

MATERIAL FACTORS CONT'D



ENVIRONMENTAL

ENERGY AND WATER CONSERVATION

As a socially responsible company, we recognise the importance of preserving our natural environment. It is everyone's responsibility to commit to the responsible usage of energy and water in our Group.

As part of our efforts, we have been adopting the following conservation initiatives:

- Maximise the use of lighting control circuits to offer flexibility in lighting the premises at specific areas for more efficient energy use.
- Replace T5 lighting with LED lighting gradually.
- Introduce water efficiency labelling for basins, taps and sinks.
- Track and monitor energy and water consumption regularly to control usage.
- Introduce green technologies such as UVC emitters and electronic air filtration devices.

Level of consumption for energy and water:

Resource	Unit of Measurement	Purposes	Consumption Rate (Consumption/Revenue)	
			FY2018 Unit/S\$	FY2017 Unit/S\$
Electricity	kWh	Used for refrigerators, lighting, coldrooms, chillers and office work	0.060	0.063
Liquefied petroleum gas ("LPG")	kWh	Operating cooking equipment	0.145	0.151
Water	CuM	Food preparations such as thawing of frozen meat Food ingredients such as soup base Cleaning and Dishwashing	0.002	0.002



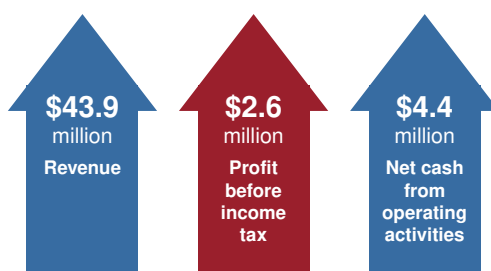
ECONOMIC

SUSTAINABLE BUSINESS PERFORMANCE

The Group is committed to keeping our vision alive moving towards our 100th year and beyond as a Singapore iconic brand. We uphold our core values: integrity, diligence, learning and creativity and believe these values have brought us to where we are today and will continue to lead us to greater heights of success, which shall in turn generate consistent growth in profits over the years.

In FY2018, the Group improved its revenue by 8.1% to \$43.9 million (FY2017: \$40.6 million) and its profit before income tax by 20.3% to \$2.6 million (FY2017: \$2.1 million). The Company has consistently declared dividends comprising at least 70% of the profits attributable to owners of the Company.

Please refer to the Financial Statements of the Annual Report 2018 for the details of our economic performance.



MATERIAL FACTORS CONT'D



GOVERNANCE

CORPORATE GOVERNANCE AND COMPLIANCE

We are committed to high standards of corporate governance and adhere to the applicable laws and regulations. Our objectives are not merely to be a profitable organisation, but we view maintaining public trust and balancing the interests of our stakeholders as our utmost priority.

The Board and Management believe that good corporate governance provides the framework for attaining our Group's objectives in a structured and robust manner. We use the framework in practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. Our corporate governance practices are set out in detail in the Corporate Governance Report of our Annual Report.

In FY2018 and FY2017, there were no incidents related to non-compliance with any law and regulation.

MATERIAL FACTORS CONT'D

OUR COMMITMENTS & TARGETS

Our Group is committed towards better practices for environmental, social and governance factors. The Group keeps track of our performance for the material factors which were identified in the reporting process and has set qualitative and quantitative targets for FY2019 as shown in the table below.

S/N	Material factors	Performance measure	2018 Performance	Commitments & Targets
1	Food Safety and Hygiene	Incidents of non-compliance	<ul style="list-style-type: none"> Zero major food safety incidents. 4 incidents of non-compliance with regulations resulting in fines and warnings issued by NEA. 	Comply with food safety and hygiene related regulations and maintain best practices in operations. <ul style="list-style-type: none"> maintain zero food safety incidents. achieve zero incidents of non-compliance with regulations resulting in fines and warnings issued by NEA.
2	Fair employment	Diversity of gender and age	Move towards a more balanced gender and age ratio.	Adhere to the principles of Fair Employment Practices.
3	Employee and Talent Retention	Years of	38% (FY2017: 42%) of employees have more than 3 years of service with the Group.	Improve employee retention.
4	Occupational Health and Safety	Workplace injury	Zero workplace injuries resulting in a fatality or permanent disability.	Maintain zero workplace injury incidents resulting in a fatality or permanent disability.
5	Giving back to community	Community projects	<ul style="list-style-type: none"> Offering training and employment opportunities to underserved segments of community. Serving nutritious meals to beneficiaries of nursing homes and VWOs. 	Improve on our various projects to give back to the community. <ul style="list-style-type: none"> Increase the impact on beneficiaries served by the Samsui Kitchens.
6	Energy and Water conservation	Energy and Water consumption	Overall lower level of consumption for energy and water.	Committed to responsible usage of energy and water.
7	Sustainable Business Performance	Revenue, profit before income tax and net cash from operating activities	<ul style="list-style-type: none"> Revenue - \$43.9 million (FY2017: \$40.6 million). Profit before income tax - \$2.6 million (FY2017: \$2.1 million). Net cash from operating activities - \$4.4 million (FY2017: \$2.8 million). 	Improve the Group's financial performance.
8	Corporate Governance	Non-compliance incidents	Zero incidents related to non-compliance with any law or regulation.	Maintain zero incidents of non-compliance with laws and regulations.

GRI Content Index

GRI Standard Disclosure Number	Disclosure Title	Report Section	Page Reference
Organisational Profile			
102-1	Name of organisation	Soup Restaurant Group Limited	-
102-2	Activities, brands, products, and services	Annual Report - Our Brands	17 - 18
102-3	Location of headquarters	Annual Report - Corporate Information	8
102-4	Location of operations	Annual Report - Our Footprint	19
102-5	Ownership and legal form	Annual Report - Corporate Structure - Notes to the Financial Statements > Investments in subsidiaries	7 91
102-6	Markets served	Annual Report - Our Footprint	19
102-7	Scale of the organisation	Annual Report - Our Brands - Financial Highlights - Operating & Financial Review - Corporate Structure	17 - 18 12 13 - 14 7
102-8	Information on employees and other workers	Sustainability Report - Fair Employment - Employee Retention - Occupational Health and Safety	26 - 27 27 - 28 28
102-9	Supply chain	Sustainability Report - Food Safety and Hygiene	25 - 26
102-10	Significant changes to the organisation and its supply chain	No significant changes	-
102-11	Precautionary principle or approach	Not applicable	-
102-12	External initiatives	None	-
102-13	Membership of associations	None	-
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report - Board Statement	22
Ethics and Integrity			
102-16	Values, principles, standards and norms of behaviour	Sustainability Report - Board Statement	22
Governance			
102-18	Governance structure	Annual Report - Corporate Governance Report	36 - 55
		Sustainability Report - Sustainability Governance	24

GRI Content Index

GRI Standard Disclosure Number	Disclosure Title	Report Section	Page Reference
Stakeholders Engagement			
102-40	List of stakeholder groups	Sustainability Report - Stakeholder Engagement	23
102-41	Collective bargaining agreements	Not applicable	-
102-42	Identifying and selecting stakeholders	Sustainability Report - Stakeholder Engagement	23
102-43	Approach to stakeholder engagement	Sustainability Report - Stakeholder Engagement	23
102-44	Key topics and concerns raised	Sustainability Report - Stakeholder Engagement	23
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Annual Report - Corporate Structure - Notes to the Financial Statements > Investments in subsidiaries	7 91
102-46	Defining report content and topic Boundaries	Sustainability Report - Board Statement - Sustainability Reporting Process	22 24
102-47	List of material topics	Sustainability - Material factors	25 - 32
102-48	Restatements of information	None	-
102-49	Changes in reporting	None	-
102-50	Reporting period	1 January 2018 – 31 December 2018	-
102-51	Date of most recent report	31 December 2017	-
102-52	Reporting cycle	Annual	-
102-53	Contact point for questions regarding the report	Sustainability Report - Feedback	22
102-54	Claims of reporting in accordance with GRI Standards	Sustainability Report - About this Report	22
102-55	GRI content index	GRI Content Index	33 - 35
102-56	External assurance	Soup Restaurant Group Limited has not sought external assurance for this reporting period.	-

GRI Content Index

GRI Standard Disclosure Number	Disclosure Title	Report Section	Page Reference
Management Approach			
103-1	Explanation of the material topic and its boundary	Sustainability Report - Material Factors	24 - 32
103-2	The management approach and its components	Sustainability Report - Material Factors	24 - 32
103-3	Evaluation of the management approach	Sustainability Report - Material Factors	24 - 32
Category : Economic			
201-1	Direct economic value generated and distributed	Annual Report - Financial Highlights - Operating & Financial Review - Statements of Financial Position - Statement of Comprehensive Income	12 13 - 14 64 65
Category: Environmental			
302-3	Energy intensity	Sustainability Report - Material Factors: Energy and Water Conservation	30
303-1	Water withdrawal by source	Sustainability Report - Material Factors: Energy and Water Conservation	30
Category: Social			
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report - Material Factors: Employee Retention	27 - 28
405-1	Diversity of governance bodies and employees	Sustainability Report - Material Factors: Fair Employment	26 - 27
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report - Material Factors: Giving back to community	29
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report - Material Factors: Food Safety and Hygiene	25 - 26

CORPORATE GOVERNANCE REPORT

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

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

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (“**CCG 2018**”) and accompanying Practice Guidance. The CCG 2018 supersedes and replaces the CCG 2012 and applies to annual reports covering financial years commencing from 1 January 2019. The Group will outline its corporate governance practices and structures in place to comply with the CCG 2018, where appropriate, in the next annual report for the financial year ending 31 December 2019.

(A) BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with management to achieve this objective and management remains accountable to the Board.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group and to protect and enhance long-term shareholders’ value. The role of the Board is to:

- (a) provide entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (e) set the Company’s values and standards and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues as part of its strategic formulation.

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

Every Director, in the course of carrying out his duties, acts in good faith and considers at all times, the interests of the Group.

CORPORATE GOVERNANCE REPORT

The Board is scheduled to meet quarterly, with additional meetings convened as and when there are matters requiring the Board's decision at the relevant times. Dates of the Board and Board Committee meetings and the Company's annual general meeting ("AGM") are scheduled in advance in consultation with all the Directors in order to assist the Directors in planning for their attendance at these meetings. In addition, Regulation 120(2) of the Company's Constitution provides for telephonic and video-conferencing meetings. If a Director is unable to attend the meeting in person, the Director is invited to participate in the meeting via telephone or video conference, where necessary.

The attendance of the Directors at Board and Board Committee meetings as well as the frequency of such meetings held during the financial year ended 31 December 2018 ("FY2018") are disclosed below:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
	Number of Meetings Held			
	4	4	1	2
	Number of Meetings Attended			
Professor Cham Tao Soon	4	4	1	2
Wong Wei Teck	4	4*	1	2*
Wong Chi Keong	4	4*	1*	2*
Then Khok Koon	4	4*	1*	2*
Chua Koh Ming	4	4	1	2
Saw Meng Tee	4	4	1	2

Notes:

* By invitation

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

- (a) quarterly and full year results announcements;
- (b) Annual Report and financial statements;
- (c) declaration of interim dividends and proposal of final dividends;
- (d) corporate strategies;
- (e) major transactions, including but not limited to major investment or acquisition/disposal proposals;
- (f) convening of shareholders' meetings; and
- (g) any other matter as may be considered by the Board from time to time.

The Company documents the matters reserved for Board's approval in its Standard Operating Procedures Manual which also includes a structured Delegation of Authority matrix to set out the authority limits for entering into contracts, commitments and appropriating company assets in the course of conducting company business as well as the requirements for the delegation of those authority limits.

CORPORATE GOVERNANCE REPORT

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

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

All Directors are appointed to the Board, either by way of a formal letter of appointment for Non-Executive Directors or a service agreement for Executive Directors (as the case may be), indicating the scope of duties and obligations.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises six members as follows:

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

As the Non-Executive Chairman of the Board is an Independent Director, it is not required for the Independent Directors to make up at least half of the Board. However, the Board consists of three Independent Directors which make up half of the Board. Hence, there is a strong and independent element on the Board which is capable of exercising objective judgment on corporate affairs of the Company. No individual or small group of individuals dominate the Board's decision-making process.

The independence of each Independent Director is subject to annual review by the Nominating Committee. Each Independent Director had submitted a confirmation of his independence based on the guideline provided in CCG2012 for FY2018.

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Professor Cham Tao Soon, Mr Chua Koh Ming and Mr Saw Meng Tee have served on the Board for more than nine years. The Nominating Committee had conducted a rigorous review of their independence by way of self-assessment (by submitting his confirmation of independence) and peer-review. As a result of the rigorous review, the Nominating Committee is of the view that independence cannot be arbitrarily determined merely on the basis of a set period of time and has taken into consideration the following factors in assessing Independent Directors. They have:-

- (a) demonstrated strong independence in discharging their duties and responsibilities with the utmost commitment in upholding the interests of the non-controlling shareholders;
- (b) engaged the Board in constructive discussions;
- (c) expressed individual viewpoints, debated issues and objectively scrutinised and challenged management;
- (d) sought clarifications as they deemed necessary, including through direct access to the management;
- (e) developed significant insights in the Group's businesses and operations and continue to provide significant and valuable contribution objectively to the Board as a whole; and
- (f) provided stability to the Board.

The Board, taking into account the views of the Nominating Committee, is of the opinion that Professor Cham Tao Soon, Mr Chua Koh Ming and Mr Saw Meng Tee are considered independent as they are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement, notwithstanding that they have served on the Board beyond nine years.

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

The Independent Directors are constructively reviewing and assisting the Board to facilitate and develop proposals on strategy and review the performance of the management in meeting agreed objectives and monitor the reporting of the performance.

The Board is also satisfied that it comprises directors with a variety of skills, expertise and working experiences to provide core competencies such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. Details of the Directors' academic and professional qualifications are set out in the "Board of Directors" section of this Annual Report. The Nominating Committee annually reviews the existing attributes and competencies of the Board in order to determine the desired expertise and experience required to strengthen or supplement to the Board.

When necessary, the Independent Directors meet and discuss on the Group's affairs without the presence of the management.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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

In view of the above, Professor Cham Tao Soon was re-designated as the Non-Executive Chairman and Independent Director with effect from 1 August 2012 and Mr Wong Wei Teck is the Managing Director who bears overall daily operational responsibility for the Group's business.

Professor Cham Tao Soon's duties as the Non-Executive Chairman and Independent Director include:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promoting a culture of openness and debate at the Board;
- (d) ensuring that the Directors receive complete, adequate and timely information;
- (e) ensuring effective communication with shareholders;
- (f) encouraging constructive relations within the Board and between the Board and management;
- (g) facilitating the effective contribution of Non-Executive Directors in particular; and
- (h) promoting high standards of corporate governance.

As the Non-Executive Chairman of the Board is an Independent Director, it is not required to appoint a Lead Independent Director.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Nominating Committee comprises a majority of Independent Directors (including the Chairman), namely Mr Chua Koh Ming as Chairman, Professor Cham Tao Soon, Mr Saw Meng Tee and Mr Wong Wei Teck as members.

The Nominating Committee is responsible for:

- (a) reviewing the Board succession plans for Directors, in particular, the Chairman and the CEO;
- (b) developing a process for evaluation of the performance of the Board, Board Committees and Directors;
- (c) reviewing the training and professional development programs for the Board;

CORPORATE GOVERNANCE REPORT

- (d) the appointment and re-appointment of Directors, including alternate Directors if applicable;
- (e) determining, at least on an annual basis, if a Director is independent;
- (f) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- (g) reviewing regularly the Board structure, size and composition;
- (h) recommending to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards; and
- (i) assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board.

The Company's Constitution provides that one third (or the number nearest to one third) of the Directors are required to retire from office at each AGM and all the Directors are required to retire from office at least once in every three years, with the exception of the Managing Director.

The Nominating Committee has recommended to the Board that Mr Wong Wei Teck and Mr Then Khek Koon be nominated for re-election at the forthcoming AGM of the Company. In making the recommendation, the Nominating Committee has considered both Directors' overall contributions and performance.

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

The Nominating Committee is responsible for determining annually, the independence of Directors. The Nominating Committee had also conducted a rigorous review to determine the independence of the Directors who had served the Board beyond nine years. The relevant factors are set out under Principle 2 of the CCG 2012 above.

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

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

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

Notwithstanding that one of the Directors has more than one board representation, the Nominating Committee is satisfied that he is able to and has adequately carried out his duties as a Director of the Company. The Board is also satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. As such, the Board does not propose to set the maximum number of listed company board representations any Director may hold until such a need arises.

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The academic and professional qualifications of as well as shareholdings held by the Directors in the Company and its subsidiaries (if any) are set out in the “Board of Directors” and “Directors’ Statement” sections of this Annual Report respectively.

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

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies
Professor Cham Tao Soon	14 May 2007	28 April 2017	NSL Ltd
Wong Wei Teck*	20 July 1991	30 April 2014	None
Wong Chi Keong	15 June 2011	27 April 2018	None
Then Khek Koon	19 September 2004	29 April 2016	None
Chua Koh Ming	23 March 2007	28 April 2017	None
Saw Meng Tee	23 March 2007	27 April 2018	None

Note:

- * Mr Wong Wei Teck was re-designated as Managing Director with effect from 1 May 2016. As such, he was not subject to retirement pursuant to the Company’s Constitution. However, with effect from 1 January 2019, an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Listing Manual”). Hence, Mr Wong Wei Teck will have to submit himself for re-election once every three years notwithstanding that he is not required to do so pursuant to the Company’s Constitution.

There is no alternate Director on the Board.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.

The Board has implemented a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole on an annual basis. An assessment checklist which includes evaluation factors such as Board composition, Board information, Board process, Board accountability and standards of conduct are disseminated to each Director for completion and the assessment results are discussed at the Nominating Committee meeting.

The Board’s performance is judged on the basis of accountability as a whole, rather than strict definitive financial performance criteria, as it would be difficult to apply specific financial performance criteria such as the Company’s share price performance, to evaluate the Board. The Board and the Nominating Committee believe that the financial indicators are mainly used to measure the management’s performance.

The Nominating Committee has evaluated each individual Director by reviewing the knowledge and abilities of the Directors, the attendance records at meetings of the Board and Board Committees, as well as their commitments and efforts contributed to the affairs of the Company through their participation at such meetings.

The Board considers the current evaluation of the Board’s performance as adequate, having regard to the size and complexity of the Group’s businesses. The Board is also satisfied that it has met its performance objectives for FY2018.

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The abovementioned performance criteria for the Board and individual Directors' evaluation do not change from year to year.

No external facilitator was engaged by the Company for assessing the effectiveness of the Board in FY2018.

Access to Information

Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors shall have unrestricted access to the Company's records and information and independent access to the Company Secretary, the key management personnel and other employees of the Company.

Board members are also provided with quarterly management reports of the Group, comprising financial statements, sales and analysis reports, to apprise the Board regularly on the performance of the Group's business so as to enable them to carry out their duties. Detailed board papers are prepared for each meeting of the Board and Board meetings which contain sufficient information on the issues to be considered at these meetings. Detailed board papers are also circulated to Directors in advance for each meeting to give Directors sufficient time to review the matters to be discussed.

The Company Secretary attends Board meetings to ensure that Board procedures are followed and that all applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

The Directors, either individually or as a group, shall have the right to seek independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his role and responsibilities as a Director.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

The Remuneration Committee comprises entirely of Independent Directors, namely Mr Saw Meng Tee, Professor Cham Tao Soon and Mr Chua Koh Ming as members. Professor Cham Tao Soon was appointed as the Chairman of the Remuneration Committee, in place of Mr Saw Meng Tee, with effect from 26 February 2019.

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

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

No remuneration consultants were engaged by the Company in FY2018 as the remuneration for Executive Directors and the key management personnel are based on their respective existing service agreement or letter of appointment.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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

The Executive Directors do not receive Directors' fees. The remuneration for the Executive Directors comprises a base salary and a variable performance bonus, based on the performance of the Group. The Independent Directors do not have any service agreements and will be paid a basic fee and additional fees for serving on any of the Board Committees. The Board recommends payment of such fees appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each Independent Director. The Directors' fees are subject to approval by shareholders at the AGM of the Company.

As the variable components of the remuneration packages of the Executive Directors and key management personnel are moderate and do not form a significant portion of the packages, the Remuneration Committee is of the view that it is presently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from them in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company.

The Company has adopted a performance share plan which was approved by shareholders of the Company at a general meeting held on 22 July 2013. For details of the plan, please refer to Principle 9 of the CCG 2012 below.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The Group has a remuneration policy for its Executive Directors and key management personnel consisting of fixed and variable components. The fixed component comprises a base salary and contractual bonus (if any). The variable bonus takes into account the performance of the Group and the performance of the individual as well as market rates.

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A breakdown, showing the level and mix of each Director's remuneration for FY2018 is as follows:

Name of Director	Salary⁽¹⁾ %	Bonuses⁽¹⁾ %	Directors' Fees⁽²⁾ %	Allowance and other benefits %	Total \$'000
Wong Wei Teck	72	27	-	1	442
Wong Chi Keong	75	24	-	1	359
Then Khok Koon	75	24	-	1	359
Professor Cham Tao Soon	-	-	100	-	80
Chua Koh Ming	-	-	100	-	40
Saw Meng Tee	-	-	100	-	40

The summary of key management personnel's remuneration for FY2018 is as follows:

Name of Key Management Personnel	Salary⁽¹⁾ %	Bonuses⁽¹⁾ %	Allowance and other benefits %	Total %
<i>Below \$250,000</i>				
Chong In Bee	82	18	-	100

The Company has only one key management personnel who is not a Director or CEO in FY2018. The Board supports and is keenly aware of the need for transparency. However, the Board believes that the said remuneration disclosure requirement for key management personnel is sensitive, due to the nature of the matter. As the Company has a lean management team, such disclosure would be disadvantageous to the Company in relation to its competitors and may adversely affect the cohesion and team spirit prevailing amongst the employees of the Company.

The summary of the remuneration of an employee who is an immediate family member of a Director and whose remuneration exceeds \$50,000 for FY2018 is as follows:

Name of Employee	Salary⁽¹⁾ %	Bonuses⁽¹⁾ %	Allowance and other benefits %	Total %
<i>Between \$150,000 to \$200,000</i>				
Tan Kim Lian Jasmine ⁽³⁾	88	12	-	100

Save as disclosed, no other employee of the Company and its subsidiaries is an immediate family member of a Director or the CEO of the Company, and whose remuneration exceeds S\$50,000 during FY2018.

Notes:

- (1) Salary and bonuses are inclusive of CPF contribution.
- (2) Directors' fees are only payable after approval by shareholders at the forthcoming AGM.
- (3) Ms Tan Kim Lian Jasmine is the spouse of Mr Then Khok Koon, Executive Director.

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Soup Restaurant Performance Share Plan

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

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

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

Pursuant to the Plan, an aggregate of 518,000 share awards were granted and vested on 5 December 2018. Please refer to the “Directors’ Statement” section of this Annual Report for more information.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company’s performance, position and prospects.

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

The Board reports to the shareholders at each general meeting while the management of the Company is accountable to the Board. The Company announces its quarterly and full year results and makes disclosure of other relevant information of the Group to the SGX-ST and the public via SGXNET in accordance with the Listing Manual.

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

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders’ interests and the company’s assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders’ interests and the Group’s assets. The Board determines the Company’s level of risk tolerance and risk policies and oversees management in the design, implementation and monitoring of the risk management and internal control systems.

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The Audit Committee, together with the Board, reviewed the adequacy and effectiveness of the Group's risk management and internal control systems put in place to address the key financial, operational, compliance and information technology risks affecting the operations on an annual basis with the assistance of internal auditor.

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

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

The Company manages risks under an overall strategy determined by the Board and supported by the Audit Committee, Nominating Committee and Remuneration Committee.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises entirely of Independent Directors, namely Professor Cham Tao Soon, Mr Chua Koh Ming and Mr Saw Meng Tee as members. Mr Saw Meng Tee was appointed as the Chairman of the Audit Committee, in place of Professor Cham Tao Soon, with effect from 26 February 2019. The Audit Committee has written terms of reference that describe the responsibilities of its members. The Chairman and members of the Audit Committee have recent and relevant expertise and experience in accounting and financial management required to discharge its duties.

The Audit Committee performs the following functions:

- (a) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- (b) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls;
- (c) review the effectiveness of the Group's internal audit function;
- (d) review the scope and results of the external audit as well as the independence and objectivity of the external auditor;
- (e) recommend to the Board the proposals to be made to the shareholders on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor;

CORPORATE GOVERNANCE REPORT

- (f) discuss problems and concerns, if any, arising from the interim and final audits in consultation with the external and internal auditors where necessary;
- (g) meet with the external and internal auditors annually without the presence of the management to discuss any problems and concerns they may have;
- (h) approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- (i) ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience;
- (j) review the internal audit programme and ensure co-ordination between the internal and external auditors and the management;
- (k) review the adequacy of the Group's internal controls as set out in the CCG 2012;
- (l) review the co-operation given by the Company's officers to the external auditor;
- (m) review and approve interested person transactions, if any; and
- (n) undertake such reviews and projects as may be requested by the Board or statute or the Listing Manual.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Company's operating results and financial position. During investigation, the Audit Committee has full access to and cooperation of the management and full discretion to invite any Director or executive officer to attend its meetings. The Audit Committee is kept abreast by the management and the external auditor of changes to the Financial Reporting Standards, listing rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

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

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

The Audit Committee has undertaken a review of all non-audit services provided by the external auditor and is of the opinion that the provision of such services does not affect the independence of the external auditor. A breakdown of the fees paid in total to the external auditor for audit and non-audit services for FY2018 is reflected in Note 21 to the audited financial statements.

The external auditor has also provided a confirmation of its independence to the Audit Committee. Accordingly, the Audit Committee has recommended the re-appointment of BDO LLP as auditor of the Company at the forthcoming AGM.

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The Audit Committee has met with internal auditor and external auditor once without the presence of management in FY2018.

The Company has in place a whistle-blowing policy in which staff of the Company may raise concerns about possible improprieties in matters of financial reporting or other matters, and procedures for raising such concerns have been communicated to the staff of the Company. Details of the whistle-blowing policies and arrangements have been made available to all employees. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law. The procedures for whistle-blowing are disseminated to all employees during corporate training and the orientation program. The employees can email to the Chairman of Audit Committee on all matters.

None of the Audit Committee members were previous partners or directors of BDO LLP within the previous 12 months and none of the Audit Committee members hold any financial interest in BDO LLP.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company had appointed Ernst & Young Advisory Pte Ltd as internal auditor to carry out the review of the internal control system of the Group. The internal auditor reports directly to the Chairman of Audit Committee and administratively to the Executive Directors. The internal auditor is guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Audit Committee approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor reported its findings to the Audit Committee periodically and worked closely with the external auditor. The Audit Committee is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

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

The Audit Committee has reviewed and is satisfied that the Company's internal audit function is effective and adequately resourced and has appropriate standing within the Company on annual basis. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company announces its quarterly and full year results and any material and price-sensitive information to the public via SGXNET on a timely basis. All shareholders of the Company will receive the Annual Report of the Company and the notice of the AGM at least 14 days before the meeting. All announcements, including the Annual Report, are also available on the Company's website. The Company does not practise selective disclosure of material information.

Shareholders can also assess the Company's website for more information and updates on the Company's business and developments. The shareholders of the Company can submit their feedback and raise any question to the Company's investor relations contact as provided in the Company's website. These are the steps taken to solicit and understand the views of the shareholders.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Regulation 90(2) of the Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote instead of the shareholder. In line with the amendments to the Companies Act, Chapter 50, corporate shareholders of the Company which provide nominee or custodial services to third parties are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such shareholder. Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the internet are not compromised.

The Company has separate resolutions for each distinct issue tabled for shareholders' approval at general meetings. In line with Rule 730A of the Listing Manual, with effect from 1 August 2015, all the resolutions will be voted on by way of poll and all shareholders are entitled to vote in accordance with the established voting rules and procedures, which will be clearly explained by the scrutineers at such general meetings. The Company will announce the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the public.

At general meetings, shareholders are given opportunities to voice their views and direct their questions to Directors or management regarding the Company. The chairman of the Board, Audit Committee, Nominating Committee and Remuneration Committee, and the external auditor will be present to address and assist the Directors in addressing queries raised by the shareholders. All minutes of general meetings that include substantial and relevant comments or queries from shareholders and responses from the Board and the management will be prepared and made available to shareholders upon their request.

The Company does not have an investor relations policy in place. However, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Listing Manual and the Companies Act, Chapter 50. There is no dedicated investor relations team in place as the Board is of the view that the current communication channels are sufficient and cost-effective.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT

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

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

MATERIAL CONTRACTS

[Listing Manual Rule 1207(8)]

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

INTERESTED PERSON TRANSACTIONS

[Listing Manual Rule 1207(17) & (18)]

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

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

The Company did not enter into interested person transactions which are required for disclosure pursuant to Rule 1207(17) of the Listing Manual during FY2018.

DEALINGS IN SECURITIES

[Listing Manual Rule 1207(19)]

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

CORPORATE GOVERNANCE REPORT

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Wong Wei Teck and Mr Then Khek Koon are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 26 April 2019. Pursuant to Rule 720(6) of the Listing Manual, the information relating to Mr Wong Wei Teck and Mr Then Khek Koon in accordance with Appendix 7.4.1 to the Listing Manual is set out below:

	WONG WEI TECK	THEN KHEK KOON
Date of appointment	20 July 1991	19 September 2004
Date of last re-appointment (if applicable)	30 April 2014	29 April 2016
Age	62	64
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and assessed Mr Wong's overall contributions and performance, is of the view that he is suitable for re-appointment as Managing Director of the Company.	The Board, having considered the recommendation of the Nominating Committee and assessed Mr Then's overall contributions and performance, is of the view that he is suitable for re-appointment as Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for the overall management, strategic planning and business development of the Group.	Executive. Responsible for the corporate and business development of the Group. Under the Samsui line of companies, Mr Then oversees the food processing business and the procurement of food and services.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director and a member of the Nominating Committee	Executive Director
Professional qualifications	Professional Engineer (Civil) of Singapore Professional Engineers Board	Nil
Working experience and occupation(s) during the past 10 years	2016 to present: Managing Director of Soup Restaurant Group Limited 1991 to 2016: Executive Director of Soup Restaurant Group Limited	2012 to present: Executive Director of Soup Restaurant Group Limited 1997 to 2011: Director of Then Petrol (S) Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 37,491,900 ordinary shares Deemed interest: 4,000,000 ordinary shares	Deemed interest: 28,945,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

	WONG WEI TECK	THEN KHEK KOON
Other principal commitments including directorships	<p><u>Past</u> (for the last 5 years)</p> <p>Directorships: Nil</p> <p>Other Principal Commitments: Nil</p> <p><u>Present</u></p> <p>Directorships: Soup Restaurant Singapore Pte. Ltd. CAFE O Singapore Pte. Ltd. POT LUCK F&B Singapore Pte. Ltd. Soup Restaurant Investments Pte. Ltd. Samsui Holdings Pte. Ltd.</p> <p>Other Principal Commitments: Nil</p>	<p><u>Past</u> (for the last 5 years)</p> <p>Directorships: SISTIC.com Pte Ltd Asia Training Institute Pte Ltd Vanuatu Incorporation Company Private Limited Samsui Supplies & Services Pte Ltd Sure Food Pte Ltd</p> <p>Other Principal Commitments: Nil</p> <p><u>Present</u></p> <p>Directorships: Soup Restaurant Singapore Pte. Ltd. CAFE O Singapore Pte. Ltd. POT LUCK F&B Singapore Pte. Ltd. Soup Restaurant Investments Pte. Ltd. Samsui Holdings Pte. Ltd. EPS (S) Pte. Ltd.</p> <p>Other Principal Commitments: Nil</p>
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was 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 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was 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 2 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 trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

CORPORATE GOVERNANCE REPORT

	WONG WEI TECK	THEN KHEK KOON
(d) Whether he 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?	No	No
(e) Whether he 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 has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been 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 he has 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?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he 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?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

CORPORATE GOVERNANCE REPORT

	WONG WEI TECK	THEN KHEK KOON
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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; or</p> <p>(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</p> <p>(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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No
Disclosure applicable to the appointment of Director only		
<p>Any prior experience as a director of an issuer listed on the SGX-ST?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the SGX-ST (if applicable).</p>	Not applicable	Not applicable

DIRECTORS' STATEMENT

The Directors of Soup Restaurant Group Limited (the “Company”) are pleased to present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the “Group”) and the statement of changes in equity of the Company for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

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

3. Arrangements to enable Directors to acquire shares or debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1.1.2018	Balance as at 31.12.2018	Balance as at 1.1.2018	Balance as at 31.12.2018
The Company	Number of ordinary shares			
Professor Cham Tao Soon	300,000	300,000	200,000	200,000
Wong Wei Teck	37,491,900	37,491,900	4,000,000	4,000,000
Wong Chi Keong	49,077,300	49,077,300	-	-
Then Khek Koon	-	-	28,945,000	28,945,000
Chua Koh Ming	300,000	300,000	-	-
Saw Meng Tee	300,000	300,000	-	-

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2019 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2018.

5. Share options

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

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

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

6. Performance Shares

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

The Share Plan applies to full-time employees whose employment has been confirmed and hold such rank as may be designated by the Committee as eligible to participate in the Share Plan. Non-Executive Directors are not eligible to participate in the Share Plan.

Since the commencement of the Share Plan till the end of the financial year ended 31 December 2018 ("FY2018"), and during FY2018, awards comprising 518,000 shares were granted to certain employees on 5 December 2018. These awards were immediately vested on the date of the grant.

DIRECTORS' STATEMENT

6. Performance Shares (Continued)

No shares have been granted to the directors of the Company, and the controlling shareholders of the Company and their associates since the commencement of the Share Plan.

No participants have received 5% or more of the total number of shares available under the Share Plan since the commencement of the Share Plan.

No shares comprised in the awards have yet to be released as at 31 December 2018.

7. Audit Committee

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

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

The Audit Committee has carried out its functions in accordance with section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external and internal auditors of the Company:

- (a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Company's and the Group's financial and operating results and accounting policies;
- (c) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and external auditor's report on those financial statements before their submission to the Directors of the Company;
- (d) the quarterly and full-year result announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company's internal and external auditors;
- (f) the re-appointment of the external auditor of the Company; and
- (g) the Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the auditors and is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

8. Independent auditor

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

On behalf of the Board of Directors

Wong Wei Teck
Director

Singapore
29 March 2019

Wong Chi Keong
Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Soup Restaurant Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Soup Restaurant Group Limited (the "Company") and its subsidiaries (the "Group"), as set out on page 64 to 119, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the Members of Soup Restaurant Group Limited

Key Audit Matter	Audit Response
<p>1 Impairment assessment of plant and equipment</p> <p>The Group primarily operates a chain of restaurant outlets under the names of “Soup Restaurant”, “Cafe O” and “Pot Luck” in Singapore and Malaysia. As at 31 December 2018, the Group’s plant and equipment amounts to \$3,173,264 which accounts for 19% of the Group’s total assets.</p> <p>For the year ended 31 December 2018, some restaurant outlets incurred losses before income tax, which provides an indication that certain plant and equipment of the Group may be impaired.</p> <p>In carrying out the impairment assessment, management has identified the cash generating units (“CGUs”) to be the respective restaurant outlets to which the plant and equipment belong. Accordingly, the recoverable amounts of the CGUs are determined by estimating the expected discounted future cash flows which require key assumptions to be made regarding the sales growth rate, gross profit margin and the discount rate.</p> <p>Due to significant management judgement involved in the impairment assessment, as well as the materiality of the carrying amount of the plant and equipment to the Group’s financial statements, we have determined this area to be a key audit matter.</p> <hr/> <p>Refer to Note 3.2(i) and Note 4 of the accompanying financial statements.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> ▪ Assessed management’s determination as to whether there is an indication of impairment of the plant and equipment of each restaurant outlet. ▪ Evaluated the key assumptions used in the impairment assessment by: <ul style="list-style-type: none"> ○ Assessing the sales growth rate and gross profit margin against historical performance. ○ Comparing the discount rate applied to external market and industry benchmarks. ○ Performing sensitivity analysis to assess the extent of changes to the key assumptions that would cause the recoverable amounts to be below the carrying amounts of the plant and equipment. ▪ Assessed the adequacy of the disclosure in the financial statements with respect to the impairment assessment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Members of Soup Restaurant Group Limited

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

To the Members of Soup Restaurant Group Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Yeo Siok Yong.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
29 March 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

Note	Group			Company			
	31	31	1	31	31	1	
	December	December	January	December	December	January	
	2018	2017	2017	2018	2017	2017	
	\$	\$	\$	\$	\$	\$	
Non-current assets							
Plant and equipment	4	3,173,264	3,629,811	3,551,158	27,762	27,612	65,585
Investments in subsidiaries	5	-	-	-	1,764,617	1,731,738	1,600,002
Intangible assets	6	133,113	137,766	57,550	63,339	38,077	25,029
Other receivables	8	-	-	-	767,744	642,658	-
Total non-current assets		3,306,377	3,767,577	3,608,708	2,623,462	2,440,085	1,690,616
Current assets							
Inventories	7	266,388	313,382	183,751	-	-	-
Trade and other receivables	8	3,419,605	3,281,273	3,509,519	2,276,484	2,145,678	3,173,760
Current income tax recoverable		5,495	4,163	4,616	-	-	-
Cash and cash equivalents	9	10,039,204	8,127,824	7,622,368	5,902,103	5,341,200	4,202,551
Total current assets		13,730,692	11,726,642	11,320,254	8,178,587	7,486,878	7,376,311
Less:							
Current liabilities							
Trade and other payables	10	4,260,163	3,706,680	4,429,011	584,563	363,352	577,254
Provisions	11	1,031,395	968,981	1,042,275	40,000	40,000	40,000
Finance lease payable	12	5,515	5,193	4,872	-	-	-
Current income tax payable		404,648	232,873	118,052	32,454	38,912	16,000
Total current liabilities		5,701,721	4,913,727	5,594,210	657,017	442,264	633,254
Net current assets		8,028,971	6,812,915	5,726,044	7,521,570	7,044,614	6,743,057
Less:							
Non-current liabilities							
Finance lease payable	12	10,946	16,461	21,654	-	-	-
Deferred tax liabilities	13	259,000	257,800	240,000	12,000	12,000	12,000
Total non-current liabilities		269,946	274,261	261,654	12,000	12,000	12,000
Net assets		11,065,402	10,306,231	9,073,098	10,133,032	9,472,699	8,421,673
Equity							
Share capital	14	6,592,761	6,592,761	6,592,761	6,592,761	6,592,761	6,592,761
Treasury shares	15	(3,966,183)	(3,938,693)	(3,938,693)	(3,966,183)	(3,938,693)	(3,938,693)
Translation reserve	16	(242)	2,807	16,196	-	-	-
Retained earnings		8,439,066	7,649,356	6,402,834	7,506,454	6,818,631	5,767,605
Total equity		11,065,402	10,306,231	9,073,098	10,133,032	9,472,699	8,421,673

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group	
		2018 \$	2017 \$
Revenue	17	43,877,876	40,580,334
<i>Other items of income</i>			
Interest income from bank deposits		41,210	28,991
Other income	18	431,912	565,319
<i>Items of expense</i>			
Changes in inventories		(46,994)	129,631
Purchases and other consumables		(9,424,545)	(8,754,284)
Employee benefits expense	19	(14,837,052)	(14,388,424)
Depreciation and amortisation expenses		(1,622,019)	(1,558,824)
Impairment loss on plant and equipment		(31,400)	-
Other expenses		(15,784,578)	(14,433,966)
Finance costs	20	(20,260)	(20,086)
Profit before income tax	21	2,584,150	2,148,691
Income tax expense	22	(393,875)	(201,887)
Profit for the financial year attributable to owners of the Company		2,190,275	1,946,804
<i>Other comprehensive income</i>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operation		(3,049)	(13,389)
Other comprehensive income for the financial year, net of tax		(3,049)	(13,389)
Total comprehensive income for the financial year attributable to owners of the Company		2,187,226	1,933,415
Earnings per share attributable to owners of the Company (cents)			
Basic and diluted	23	0.78	0.70

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Equity attributable to owners of the Company				
		Share capital	Treasury shares	Translation reserve	Retained earnings	Total equity
		\$	\$	\$	\$	\$
Group						
Balance as at 1.1.2018		6,592,761	(3,938,693)	2,807	7,649,356	10,306,231
Profit for the financial year		-	-	-	2,190,275	2,190,275
<i>Other comprehensive income for the financial year, net of tax</i>						
Exchange difference on translating foreign operation		-	-	(3,049)	-	(3,049)
Total comprehensive income for the financial year		-	-	(3,049)	2,190,275	2,187,226
Contributions by and distributions to owners						
Dividends	24	-	-	-	(1,400,565)	(1,400,565)
Performance shares granted		-	79,772	-	-	79,772
Purchase of treasury shares		-	(107,262)	-	-	(107,262)
		-	(27,490)	-	(1,400,565)	(1,428,055)
Balance as at 31.12.2018		6,592,761	(3,966,183)	(242)	8,439,066	11,065,402
2017						
Balance as at 1.1.2017		6,592,761	(3,938,693)	16,196	6,402,834	9,073,098
Profit for the financial year		-	-	-	1,946,804	1,946,804
<i>Other comprehensive income for the financial year, net of tax</i>						
Exchange difference on translating foreign operation		-	-	(13,389)	-	(13,389)
Total comprehensive income for the financial year		-	-	(13,389)	1,946,804	1,933,415
Distributions to owners						
Dividends	24	-	-	-	(700,282)	(700,282)
Balance as at 31.12.2017		6,592,761	(3,938,693)	2,807	7,649,356	10,306,231

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital \$	Treasury shares \$	Retained earnings \$	Total equity \$
Company					
Balance as at 1.1.2018		6,592,761	(3,938,693)	6,818,631	9,472,699
Profit for the financial year, representing total comprehensive income for the financial year		-	-	2,088,388	2,088,388
Contributions by and distributions to owners					
Dividends	24	-	-	(1,400,565)	(1,400,565)
Performance shares granted		-	79,772	-	79,772
Purchase of treasury shares		-	(107,262)	-	(107,262)
		-	(27,490)	(1,400,565)	(1,428,055)
Balance as at 31.12.2018		6,592,761	(3,966,183)	7,506,454	10,133,032
Balance as at 1.1.2017		6,592,761	(3,938,693)	5,767,605	8,421,673
Profit for the financial year, representing total comprehensive income for the financial year		-	-	1,751,308	1,751,308
Distributions to owners					
Dividends	24	-	-	(700,282)	(700,282)
Balance as at 31.12.2017		6,592,761	(3,938,693)	6,818,631	9,472,699

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group	
		2018	2017
		\$	\$
Cash flows from operating activities			
Profit before income tax		2,584,150	2,148,691
Adjustments for:			
Amortisation of intangible assets		55,241	32,815
Amortisation of discount on provision		19,174	18,679
Reversal of provision for reinstatement costs not utilised		-	(39,002)
Depreciation of plant and equipment		1,566,778	1,526,009
Interest expense		1,086	1,407
Interest income from bank deposits		(41,210)	(28,991)
Impairment loss on plant and equipment		31,400	-
Loss on disposal of plant and equipment		-	16,395
Plant and equipment written off		17,096	56,414
Accrued unutilised annual leave		89,678	(15,375)
Unrealised foreign exchange loss		(4,963)	(14,802)
Operating cash flow before working capital changes		4,318,430	3,702,240
Working capital changes:			
Inventories		46,994	(129,631)
Trade and other receivables		(138,332)	228,246
Trade and other payables		396,864	(963,748)
Cash generated from operations		4,623,956	2,837,107
Income taxes paid		(222,227)	(68,743)
Interest received		41,210	28,991
Net cash from operating activities		4,442,939	2,797,355
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		-	12,000
Purchase of plant and equipment		(985,765)	(1,528,111)
Purchase of intangible assets		(31,688)	(69,227)
Net cash used in investing activities		(1,017,453)	(1,585,338)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group	
		2018	2017
		\$	\$
Cash flows from financing activities			
Dividends paid		(1,400,565)	(700,282)
Interest paid		(1,086)	(1,407)
Purchase of treasury shares		(107,262)	-
Repayment of finance lease payable		(5,193)	(4,872)
Net cash used in financing activities		(1,514,106)	(706,561)
Net change in cash and cash equivalents		1,911,380	505,456
Cash and cash equivalents at the beginning of the financial year		8,127,824	7,622,368
Cash and cash equivalents at the end of the financial year	9	10,039,204	8,127,824

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1. General corporate information

The statement of financial position and statement of changes in equity of Soup Restaurant Group Limited (the “Company”) and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2018 were authorised for issue in accordance with a Directors’ resolution dated 29 March 2019.

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are the Group and the Company’s first financial statements prepared in accordance with SFRS(I)s. The Group and the Company have previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore (“FRSs”). As required by SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*, the Group and the Company have consistently applied the same accounting policies in its opening statement of financial position at 1 January 2017 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The transition to SFRS(I) do not have a material impact on the financial statements of the Group and the Company.

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

The preparation of financial statements in conformity with SFRS(I)s requires the management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on the management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and Interpretations of SFRS(I) (“SFRS(I) INTs”) issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) INTs were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
SFRS(I) 16	: Leases	1 January 2019
SFRS(I) 9 (Amendments)	: Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) 1-28 (Amendments)	: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle		
SFRS(I) 3 (Amendments)	: Business combinations	1 January 2019
SFRS(I) 11 (Amendments)	: Previously held Interest in a Joint Operation	1 January 2019
SFRS(I) 1-12 (Amendments)	: Income Tax Consequences of Payments on Financial Instruments Classified as Equity	1 January 2019
SFRS(I) 1-23 (Amendments)	: Borrowing Costs Eligible for Capitalisation	1 January 2019
SFRS(I) INT 23	: Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 1-19 Amendments	: Plan Amendment, Curtailment or Settlement	1 January 2019
SFRS(I) 17	: Insurance contracts	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	: Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined
SFRS(I) 3 (Amendments)	: Definition of a Business	1 January 2020
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	: Definition of Material	1 January 2020

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

Except as disclosed below, management anticipates that the adoption of the above SFRS(I)s and SFRS(I) INTs, if applicable, in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I) INTs issued but not yet effective (Continued)

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

The Group has performed an assessment on the adoption of SFRS(I) 16 based on currently available information as well as recognition exemptions under SFRS(I) 16. The Group expects to capitalise its operating leases on office premises and other operating facilities on the statement of financial position by recognising a 'right-of-use' assets of \$18,700,708 and their corresponding lease liabilities for the present value of future lease payments of \$18,732,255. This assessment may be subject to changes from the ongoing analysis until the finalisation of transition entries.

The Group plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on statement of financial position as at 1 January 2019. The Group will include the required additional disclosures in its financial statements for the financial year ending 31 December 2019.

2.2 Basis of consolidation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.3 Plant and equipment

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

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

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

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

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

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

	Years
Air-conditioners	6
Computers	3
Electrical equipment	6
Furniture and fittings	6
Kitchen equipment	6
Machinery	10
Motor vehicles	6
Office equipment	6
Renovation	2 - 5

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.4 Intangible assets

Trademarks

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

Computer software licenses

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

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

2.5 Impairment of non-financial assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.6 Inventories

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

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

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

2.7 Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group’s accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for non-trade receivables from subsidiaries and third parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Receivables from subsidiaries are considered as credit impaired when significant financial difficulties and non-payment of past due balances have occurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.7 Financial assets (Continued)

Amortised cost (Continued)

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding prepayments and Goods and Services Tax ("GST") receivables) and cash and cash equivalents in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Accounting policy for financial assets prior to 1 January 2018

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

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

Loans and receivables

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

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

Effective interest method

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

Recognition and derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.7 Financial assets (Continued)

Accounting policy for financial assets prior to 1 January 2018 (Continued)

Recognition and derecognition (Continued)

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

Impairment

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

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.8 Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.8 Financial liabilities and equity instruments (Continued)

Equity instruments (Continued)

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

Financial liabilities

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

Trade and other payables

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

Finance lease payable

Finance lease payables is initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction cost) and the settlement of finance lease payable is recognised over the term of the finance lease payable.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.9 Offsetting financial instruments

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

2.10 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.10 Provisions (Continued)

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

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

2.11 Cash and cash equivalents

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

2.12 Revenue recognition

Revenue is recognised when the performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Revenue from sale of food and beverage products

Revenue from operation of restaurants is recognised at a point in time when the bill for food and beverages consumed by customers are presented to the customers and payments are made in cash and/or electronic payment.

Revenue from the processing, distribution and procurement of food and beverage products is recognised at a point in time when the Group satisfies the performance obligation by transferring control of the promised products to the customers.

The Group operates the Soup Restaurant Memberships Programme, where cash received in advance for the sale of cash vouchers and product vouchers which are considered as distinct performance obligations. The revenue is deferred until actual redemption and these are included in "deferred income" within trade and other payables in the statements of financial position.

Royalty fee

Royalty fee income is recognised on a period basis as a percentage of the franchise revenue in accordance with terms as stated in the franchise agreement.

Interest income

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

Sponsorship income

Sponsorship income is recognised when the terms and conditions are met.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.13 Employee benefits expense

Retirement benefit costs

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

Employee leave entitlement

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

2.14 Government grants

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

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

2.15 Leases

When the Group is the lessee of finance leases

Leases in which the Group assume substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of their fair values and the present values of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. The corresponding liability to the lessor is included in the statements of financial position as a finance lease payable.

Subsequent to initial recognition, the plant and equipment are accounted for in accordance with the accounting policy applicable to those assets. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.15 Leases (Continued)

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

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

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

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

2.16 Taxes

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

Current income tax

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

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.16 Taxes (Continued)

Deferred tax (Continued)

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

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

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

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

Sales tax

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

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

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

2.17 Foreign currency transactions and translation

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.17 Foreign currency transactions and translation (Continued)

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

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

2.18 Dividends

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

2.19 Segment reporting

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

3.1 Critical judgements made in applying the accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses, within the next financial year, are discussed below.

(i) Impairment of plant and equipment

Plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow (its cash generating unit or "CGU"). The recoverable amount of plant and equipment is determined based on value-in-use, by discounting the expected future cash flows for each CGU.

The recoverable amount is sensitive to discount rates used for the discounted cash flow model as well as the margin and the sales growth rates used. The management carried out an impairment review of plant and equipment and the impairment loss on plant and equipment charged to profit or loss for the financial year ended 31 December 2018 amounted to \$31,400 (2017: \$Nil). The carrying amount of the Group's and the Company's plant and equipment as at 31 December 2018 were \$3,173,264 (31 December 2017: \$3,629,811; 1 January 2017: \$3,551,158) and \$27,762 (31 December 2017: \$27,612; 1 January 2017: \$65,585) respectively.

(ii) Loss allowance for impairment of trade and other receivables

Trade receivables

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile, geographical risk as well as credit risk profile of customer.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. There is no customer in financial difficulties during the financial year.

Other receivables from subsidiaries

Management determines whether there is significant increase in credit risk of these subsidiaries since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of these subsidiaries. A loss allowance amounted to \$161,562 (31 December 2017: \$Nil; 1 January 2017: \$83,891) was recognised as at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is any indication that the investments in subsidiaries may be impaired. When there is indication of impairment, the management then assesses the recoverable amount by estimating the value-in-use using cash flows, discounted using a suitable rate to present value. The carrying amount of investments in subsidiaries as at 31 December 2018 was \$1,764,617 (31 December 2017: \$1,731,738; 1 January 2017: \$1,600,002).

(iv) Provision for reinstatement costs

The Group recognised provision for reinstatement cost associated with the leased premises. In determining the amount of the provision, assumptions and estimates are made in relation to the expected costs of dismantling, removal and restoration of its leased premises to their original conditions. The Group used the expected range based on historical experience according to actual restoration cost incurred. The carrying amount of the Group's and the Company's provision as at 31 December 2018 were \$1,031,395 (31 December 2017: \$968,981; 1 January 2017: \$1,042,275) and \$40,000 (31 December 2017: \$40,000; 1 January 2017: \$40,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Plant and equipment

Group	Air- conditioners	Computers	Electrical equipment	Furniture and fittings			Kitchen equipment	Machinery	Motor vehicles	Office equipment	Renovation	Total
				\$	\$	\$						
Cost												
Balance as at 1.1.2018	1,151,423	392,042	1,118,181	1,944,554	2,648,864	203,237	90,360	121,911	5,335,852	13,006,424		
Additions	86,728	24,925	89,740	151,055	228,136	8,825	119,514	500	447,347	1,156,770		
Written off	-	(45,156)	(12,221)	(44,509)	(42,274)	-	-	(600)	(185,407)	(330,167)		
Exchange differences	151	26	193	347	531	(57)	-	8	1,562	2,761		
Balance as at 31.12.2018	1,238,302	371,837	1,195,893	2,051,447	2,835,257	212,005	209,874	121,819	5,599,354	13,835,788		
Accumulated depreciation and impairment loss												
Balance as at 1.1.2018	754,622	327,068	799,235	1,529,142	1,563,937	118,314	90,360	83,870	4,110,065	9,376,613		
Depreciation	118,424	35,886	107,875	148,176	320,675	20,912	13,279	12,185	789,365	1,566,777		
Impairment loss	3,611	-	2,477	3,758	21,304	-	-	250	-	31,400		
Written off	-	(45,156)	(7,296)	(42,972)	(38,312)	-	-	(533)	(178,802)	(313,071)		
Exchange differences	105	19	63	121	94	(34)	-	2	435	805		
Balance as at 31.12.2018	876,762	317,817	902,354	1,638,225	1,867,698	139,192	103,639	95,774	4,721,063	10,662,524		
Net carrying amount												
Balance as at 31.12.2018	361,540	54,020	293,539	413,222	967,559	72,813	106,235	26,045	878,291	3,173,264		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Plant and equipment (Continued)

Group	\$	Air- conditioners	Computers	Electrical equipment	Furniture			Motor vehicles	Office equipment	Renovation	Total
					and fittings	Kitchen equipment	Machinery				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cost											
Balance as at 1.1.2017	1,115,987	417,497	1,130,600	1,984,537	2,298,943	216,171	90,360	115,889	5,177,605	12,547,589	
Additions	141,904	31,237	83,098	74,429	536,938	12,000	-	7,477	800,684	1,687,767	
Disposal	-	-	-	-	(27,650)	(18,257)	-	-	-	(45,907)	
Written off	(107,620)	(56,957)	(96,500)	(116,151)	(162,342)	(6,700)	-	(1,520)	(645,879)	(1,193,669)	
Exchange differences	1,152	265	983	1,739	2,975	23	-	65	3,442	10,644	
Balance as at 31.12.2017	1,151,423	392,042	1,118,181	1,944,554	2,648,864	203,237	90,360	121,911	5,335,852	13,006,424	
Accumulated depreciation and impairment loss											
Balance as at 1.1.2017	734,474	355,627	765,594	1,454,590	1,418,429	110,446	73,695	68,004	4,015,572	8,996,431	
Depreciation	122,210	28,138	126,360	178,969	301,382	21,012	16,665	16,935	714,338	1,526,009	
Disposal	-	-	-	-	(7,927)	(9,585)	-	-	-	(17,512)	
Written off	(102,985)	(56,957)	(93,472)	(106,019)	(149,935)	(3,568)	-	(1,116)	(623,203)	(1,137,255)	
Exchange differences	923	260	753	1,602	1,988	9	-	47	3,358	8,940	
Balance as at 31.12.2017	754,622	327,068	799,235	1,529,142	1,563,937	118,314	90,360	83,870	4,110,065	9,376,613	
Net carrying amount											
Balance as at 1.1.2017	381,513	61,870	365,006	529,947	880,514	105,725	16,665	47,885	1,162,033	3,551,158	
Balance as at 31.12.2017	396,801	64,974	318,946	415,412	1,084,927	84,923	-	38,041	1,225,787	3,629,811	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Plant and equipment (Continued)

Company	Air- conditioners \$	Computers \$	Electrical equipment \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Total \$
Cost							
Balance as at 1.1.2018	68,600	190,651	77,903	163,630	73,308	94,938	669,030
Additions	-	11,468	-	-	-	-	11,468
Transfer to a subsidiary	-	(1,167)	-	(1,083)	(870)	-	(3,120)
Written off	-	(13,375)	-	(672)	-	-	(14,047)
Balance as at 31.12.2018	68,600	187,577	77,903	161,875	72,438	94,938	663,331
Accumulated depreciation							
Balance as at 1.1.2018	68,600	187,848	76,960	159,155	53,917	94,938	641,418
Depreciation	-	2,784	677	2,610	5,090	-	11,161
Transfer to a subsidiary	-	(1,167)	-	(1,083)	(713)	-	(2,963)
Written off	-	(13,375)	-	(672)	-	-	(14,047)
Balance as at 31.12.2018	68,600	176,090	77,637	160,010	58,294	94,938	635,569
Net carrying amount							
Balance as at 31.12.2018	-	11,487	266	1,865	14,144	-	27,762

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Plant and equipment (Continued)

Company	Air- conditioners \$	Computers \$	Electrical equipment \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Total \$
Cost							
Balance as at 1.1.2017	68,600	243,108	77,903	164,144	68,581	94,938	717,274
Additions	-	-	-	158	4,727	-	4,885
Written off	-	(52,457)	-	(672)	-	-	(53,129)
Balance as at 31.12.2017	68,600	190,651	77,903	163,630	73,308	94,938	669,030
Accumulated depreciation							
Balance as at 1.1.2017	62,883	236,237	67,353	146,258	44,020	94,938	651,689
Depreciation	5,717	4,068	9,607	13,569	9,897	-	42,858
Written off	-	(52,457)	-	(672)	-	-	(53,129)
Balance as at 31.12.2017	68,600	187,848	76,960	159,155	53,917	94,938	641,418
Net carrying amount							
Balance as at 1.1.2017	5,717	6,871	10,550	17,886	24,561	-	65,585
Balance as at 31.12.2017	-	2,803	943	4,475	19,391	-	27,612

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Plant and equipment (Continued)

As at 31 December 2018, the carrying amount of computers of the Group which were acquired under finance lease arrangement was \$7,090 (31 December 2017: \$15,596; 1 January 2017: \$24,102). Finance leased assets are pledged as security for the related finance lease payable (Note 12).

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

	Group	
	2018	2017
	\$	\$
Additions of plant and equipment	1,156,770	1,687,767
Provision for dismantlement, removal or restoration (Note 11)	(43,192)	(84,743)
Other payables	(127,813)	(74,913)
Net cash payments made	985,765	1,528,111

During the financial year ended 31 December 2018, the Group carried out a review of the recoverable amount of its plant and equipment for restaurant outlets (CGUs) with indications of impairment. The recoverable amount of the plant and equipment for CGUs with indications of impairment has been determined based on its value in use calculations using the following key assumptions:

	Group		
	31 December 2018	31 December 2017	1 January 2017
	%	%	%
Discount rate	8.35	5.04	4.46
Sales growth rate	2 to 13	2.4 to 21	10
Gross profit margin	54 to 79	49 to 78	68 to 76

Following the review, there was one restaurant outlet having plant and equipment that are not expected to generate sufficient cash flows in comparison to their carrying amounts. An impairment loss on plant and equipment of \$31,400, representing the write-down of the remaining carrying amount of the relevant plant and equipment was recognised in the profit or loss.

5. Investments in subsidiaries

	Company		
	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Unquoted equity shares, at cost	1,600,102	1,600,102	1,600,102
Deemed investment arising from discount on non-current receivables from subsidiaries (Note 8)	164,615	131,736	-
Allowance for impairment loss	(100)	(100)	(100)
	1,764,617	1,731,738	1,600,002

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. Investments in subsidiaries (Continued)

The particulars of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and principal place of business	Effective equity interests held		
			31 December 2018 %	31 December 2017 %	1 January 2017 %
<u>Held by the Company</u>					
POT LUCK F & B Singapore Pte. Ltd. ⁽¹⁾	Operation of restaurants	Singapore	100	100	100
Soup Restaurant Singapore Pte. Ltd. ⁽¹⁾	Operation of restaurants	Singapore	100	100	100
CAFE O Singapore Pte. Ltd. ⁽¹⁾	Operation of restaurants	Singapore	100	100	100
Soup Restaurant Investments Pte. Ltd. ⁽¹⁾	Investment holding company	Singapore	100	100	100
Samsui Holdings Pte. Ltd. ⁽¹⁾	Investment holding company	Singapore	100	100	100
<u>Held by Samsui Holdings Pte. Ltd.</u>					
Samsui Supplies & Services Pte. Ltd. ⁽¹⁾	Sourcing, supplying, processing and distributing of raw materials and food products and procurement services	Singapore	100	100	100
Sure Food Pte. Ltd. ⁽¹⁾	Food processing and distributing	Singapore	100	100	100
<u>Held by Soup Restaurant Investments Pte. Ltd.</u>					
SRG F & B Malaysia Sdn. Bhd. ⁽²⁾	Operation of restaurants and food processing	Malaysia	100	100	100

(1) Audited by BDO LLP, Singapore

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. Intangible assets

Group	Trademarks \$	Computer software licenses \$	Total \$
Cost			
Balance as at 1.1.2018	53,143	333,245	386,388
Additions	15,274	35,314	50,588
Balance as at 31.12.2018	68,417	368,559	436,976
Accumulated amortisation			
Balance as at 1.1.2018	17,078	231,544	248,622
Amortisation	8,281	46,960	55,241
Balance as at 31.12.2018	25,359	278,504	303,863
Net carrying amount			
Balance as at 31.12.2018	43,058	90,055	133,113
Cost			
Balance as at 1.1.2017	25,944	247,413	273,357
Additions	27,199	85,832	113,031
Balance as at 31.12.2017	53,143	333,245	386,388
Accumulated amortisation			
Balance as at 1.1.2017	9,698	206,109	215,807
Amortisation	7,380	25,435	32,815
Balance as at 31.12.2017	17,078	231,544	248,622
Net carrying amount			
Balance as at 1.1.2017	16,246	41,304	57,550
Balance as at 31.12.2017	36,065	101,701	137,766

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. Intangible assets (Continued)

Company	Trademarks \$	Computer software licenses \$	Total \$
Cost			
Balance as at 1.1.2018	53,143	195,571	248,714
Additions	15,274	21,552	36,826
Balance as at 31.12.2018	68,417	217,123	285,540
Accumulated amortisation			
Balance as at 1.1.2018	17,078	193,559	210,637
Amortisation	8,281	3,283	11,564
Balance as at 31.12.2018	25,359	196,842	222,201
Net carrying amount			
Balance as at 31.12.2018	43,058	20,281	63,339
Cost			
Balance as at 1.1.2017	25,944	195,571	221,515
Additions	27,199	-	27,199
Balance as at 31.12.2017	53,143	195,571	248,714
Accumulated amortisation			
Balance as at 1.1.2017	9,698	186,788	196,486
Amortisation	7,380	6,771	14,151
Balance as at 31.12.2017	17,078	193,559	210,637
Net carrying amount			
Balance as at 1.1.2017	16,246	8,783	25,029
Balance as at 31.12.2017	36,065	2,012	38,077

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. Intangible assets (Continued)

For the purpose of the consolidated statement of cash flows, the Group's additions to intangible assets during the financial year comprised:

	Group	
	2018	2017
	\$	\$
Additions of intangible assets	50,588	113,031
Other payables	(18,900)	(43,804)
Net cash payments made	31,688	69,227

7. Inventories

	Group		
	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Consumables	266,388	313,382	183,751

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

	Group	
	2018	2017
	\$	\$
Changes in inventories	46,994	(129,631)
Purchases and other consumables	9,424,545	8,754,284

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Trade and other receivables

	Group			Company		
	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$
Non-current asset						
Other receivables						
- subsidiaries	-	-	-	767,744	642,658	-
Current asset						
Trade receivables						
- third parties	898,043	744,117	434,704	-	-	-
- GST receivables	135,414	132,740	133,273	8,868	-	9,005
	1,033,457	876,857	567,977	8,868	-	9,005
Other receivables						
- third parties	75,618	111,796	92,042	65,588	89,664	78,167
- subsidiaries	-	-	-	2,253,284	1,937,464	3,010,870
Less: Allowance for impairment loss	-	-	-	(161,562)	-	(83,891)
	75,618	111,796	92,042	2,157,310	2,027,128	3,005,146
Government grant receivables	38,220	38,220	38,220	38,220	38,220	38,220
Rental and utilities deposits	2,073,308	2,054,340	2,634,405	34,078	34,078	59,585
Prepayments	199,002	200,060	176,875	38,008	46,252	61,804
	3,419,605	3,281,273	3,509,519	2,276,484	2,145,678	3,173,760
Total trade and other receivables	3,419,605	3,281,273	3,509,519	3,044,228	2,788,336	3,173,760
Less:						
- prepayments	(199,002)	(200,060)	(176,875)	(38,008)	(46,252)	(61,804)
- GST receivables	(135,414)	(132,740)	(133,273)	(8,868)	-	(9,005)
Add:						
- cash and cash equivalents (Note 9)	10,039,204	8,127,824	7,622,368	5,902,103	5,341,200	4,202,551
Financial assets at amortised costs/Loans and receivables (2017)	13,124,393	11,076,297	10,821,739	8,899,455	8,083,284	7,305,502

The other receivables amounts due from subsidiaries are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash, except for the non-current portion which is expected to be settled within 4 to 5 years (31 December 2017: 5 years; 1 January 2017: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Trade and other receivables (Continued)

In 2018, the Company re-assessed and restructured the repayment period of the amount due from a subsidiary. Accordingly, an amount of the receivables was classified as non-current assets from current assets. The non-trade amount due from this subsidiary is unsecured, non-interest bearing, repayable within 4 years and is expected to be settled in cash. The management estimates the fair value of this non-current receivables with reference to the stipulated repayment period using a discount rate based on the prevailing available market borrowing rates at 3.70% at the end of the reporting period.

In 2017, the Company re-assessed and restructured the repayment period of the amount due from a subsidiary. Accordingly, an amount of the receivable was classified as non-current assets from current assets. The non-trade amounts due from this subsidiary is unsecured, non-interest bearing, repayable within 5 years and is expected to be settled in cash. The management estimates the fair value of this non-current receivable with references to the stipulated repayment period using a discount rate based on the prevailing available market borrowing rates at 5.28% at the end of the reporting period.

The fair values of the amounts due from both subsidiaries are within Level 2 of the fair value hierarchy. The differences between the non-current receivables and the fair values were recorded as a deemed investment (Note 5). Subsequent to the initial recognition, the amounts due from these subsidiaries are measured at amortised cost using the effective interest method and the unwinding of the difference is recognised as interest income in the Company's profit or loss over the expected repayment period.

Trade and other receivables from third parties are non-interest bearing and generally on 1 to 30 (31 December 2017: 1 to 30; 1 January 2017: 1 to 30) days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. There is no allowance for credit losses arising from these outstanding balances as the expected credit losses is not material.

Movement in the loss allowance of amounts due from subsidiaries was as follows:

	Company		
	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$
Balance as at the beginning of the financial year	-	83,891	83,891
Loss allowance recognised during the year	161,562	-	-
Written off	-	(83,891)	-
Balance as at the end of the financial year	161,562	-	83,891

An allowance for impairment loss on non-trade amounts due from subsidiaries amounting to \$161,562 arose mainly from a subsidiary which has suffered significant losses from its operations where it is not probable that the balances due from this subsidiary will be recoverable in the foreseeable future. Consequently, the amount due from this subsidiary is considered as credit impaired. Non-trade receivables from other subsidiaries are considered to be a low credit risk and subject to immaterial credit loss. Credit risk for these assets has not increased significantly since their initial recognition.

Government grant receivables include accrued amounts in respect of the Capability Development Grant ("CDG") for Brand Development and Intellectual Property & Franchising.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Trade and other receivables (Continued)

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

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$	\$	\$	\$
Singapore dollar	3,273,996	2,972,778	3,396,357	3,044,228	2,788,336	3,173,760
Malaysian ringgit	145,609	308,495	113,162	-	-	-
	3,419,605	3,281,273	3,509,519	3,044,228	2,788,336	3,173,760

9. Cash and cash equivalents

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$	\$	\$	\$
Fixed deposits with banks	3,173,087	3,132,754	3,104,164	3,173,087	3,132,754	3,104,164
Cash and bank balances	6,866,117	4,995,070	4,518,204	2,729,016	2,208,446	1,098,387
	10,039,204	8,127,824	7,622,368	5,902,103	5,341,200	4,202,551

Fixed deposits are placed for tenure of 92 (31 December 2017: 92; 1 January 2017: 92) days during the financial year and will mature within 25 (31 December 2017: 25; 1 January 2017: 25) days from the end of the financial year. The effective interest rates on the fixed deposits are approximately 1.28% (31 December 2017: 1.08%; 1 January 2017: 0.97%) per annum.

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

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$	\$	\$	\$
Singapore dollar	9,782,492	8,049,692	7,524,680	5,902,103	5,341,200	4,202,551
Malaysian ringgit	256,712	78,132	97,688	-	-	-
	10,039,204	8,127,824	7,622,368	5,902,103	5,341,200	4,202,551

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Trade and other payables

	Group			Company		
	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$
Trade payables						
- third parties	844,591	854,933	892,863	-	-	-
- GST payables	507,076	476,023	394,369	-	10,308	-
	1,351,667	1,330,956	1,287,232	-	10,308	-
Other payables						
- third parties	513,235	630,757	1,969,889	63,038	79,004	305,820
- a subsidiary	-	-	-	-	3,884	7,503
	513,235	630,757	1,969,889	63,038	82,888	313,323
Deferred government grants	94,071	11,114	11,114	11,114	11,114	11,114
Deferred income	60,225	30,800	123,120	-	-	-
Deposits received	29,109	-	23,795	-	-	-
Accrued operating expenses	1,917,839	1,498,714	794,147	499,280	250,445	234,992
Accrued unutilised annual leave	294,017	204,339	219,714	11,131	8,597	17,825
Trade and other payables	4,260,163	3,706,680	4,429,011	584,563	363,352	577,254
Less:						
- deferred government grants	(94,071)	(11,114)	(11,114)	(11,114)	(11,114)	(11,114)
- deferred income	(60,225)	(30,800)	(123,120)	-	-	-
- deposits received	(29,109)	-	(23,795)	-	-	-
- GST payables	(507,076)	(476,023)	(394,369)	-	(10,308)	-
Add:						
- finance lease payable (Note 12)	16,461	21,654	26,526	-	-	-
Total other financial liabilities at amortised cost	3,586,143	3,210,397	3,903,139	573,449	341,930	566,140

Trade payables are non-interest bearing and generally on 30 (31 December 2017: 30; 1 January 2017: 30) days' credit terms.

Other payables comprise mainly of payables for purchases of plant and equipment.

The non-trade amounts due to subsidiaries are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Deferred government grants relate to CDG for Productivity Improvement in respect of computer software developed and CDG for Intellectual Property & Franchising in respect of a development project. In the current financial year, additional government grant was received to fund the acquisition of kitchen equipment for one of the central kitchens. The grant received is recognised in profit or loss in accordance with the useful life of the relevant asset acquired and the timing of expenses incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Trade and other payables (Continued)

Deferred income relates to cash received in advance for the sale of cash vouchers and product vouchers. This income is deferred until actual delivery and acceptance.

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

	Group			Company		
	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$
Singapore dollar	4,083,012	3,608,165	4,376,592	584,563	363,352	577,254
Malaysian ringgit	177,151	98,515	52,419	-	-	-
	4,260,163	3,706,680	4,429,011	584,563	363,352	577,254

11. Provisions

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

Movements in the provisions were as follows:

	Group			Company		
	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$
Balance as at the beginning of the financial year	968,981	1,042,275	698,432	40,000	40,000	40,000
Provision made during the financial year (Note 4)	43,192	84,743	418,499	-	-	-
Utilisation during the financial year	-	(138,075)	(79,863)	-	-	-
Reversal of provision not utilised	-	(39,002)	-	-	-	-
Amortisation of discount	19,174	18,679	5,942	-	-	-
Exchange difference	48	361	(735)	-	-	-
Balance as at the end of the financial year	1,031,395	968,981	1,042,275	40,000	40,000	40,000

12. Finance lease payable

The Group has finance leases for certain items of computers. The leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Finance lease payable (Continued)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

Group	Minimum lease payments \$	Future finance charges \$	Present value of minimum lease payments \$
31 December 2018			
Current liabilities			
Within one financial year	6,279	(764)	5,515
Non-current liabilities			
After one financial year but within five financial years	11,511	(565)	10,946
	17,790	(1,329)	16,461
31 December 2017			
Current liabilities			
Within one financial year	6,279	(1,086)	5,193
Non-current liabilities			
After one financial year but within five financial years	17,790	(1,329)	16,461
	24,069	(2,415)	21,654
1 January 2017			
Current liabilities			
Within one financial year	6,279	(1,407)	4,872
Non-current liabilities			
After one financial year but within five financial years	24,068	(2,414)	21,654
	30,347	(3,821)	26,526

The finance lease term is 5 (31 December 2017: 5; 1 January 2017: 5) years. The effective interest rate was 5.63% (31 December 2017: 5.63%; 1 January 2017: 5.63%) per annum.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets as set out in Note 4 to the financial statements, which will revert to the lessor in the event of default by the Group.

Interest rate is fixed at contract date and is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Finance lease payable (Continued)

The fair value of the lease obligations approximate their carrying amounts as the lease is entered into at market lending rates for similar types of leasing arrangements at the end of the reporting period.

The currency profile of finance leases payable as at end of the reporting period is Singapore dollar.

13. Deferred tax liabilities

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the financial year	257,800	240,000	280,170	12,000	12,000	20,000
Charged/(Credited) to profit or loss (Note 22)	1,200	17,800	(40,170)	-	-	(8,000)
Balance as at the end of the financial year	259,000	257,800	240,000	12,000	12,000	12,000

Recognised deferred tax liabilities are attributable to the following:

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$	\$	\$	\$
Accelerated tax depreciation	309,800	294,330	274,167	14,000	11,000	15,030
Other temporary differences	(50,800)	(36,530)	(34,167)	(2,000)	1,000	(3,030)
	259,000	257,800	240,000	12,000	12,000	12,000

Unrecognised deferred tax assets

	Group		
	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Balance as at the beginning of the financial year	80,517	53,418	52,590
Deferred tax assets not recognised during the financial year	-	27,099	828
Utilisation of unrecognised deferred tax assets	(36,913)	-	-
Balance as at the end of the financial year	43,604	80,517	53,418

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. Deferred tax liabilities (Continued)

Unrecognised deferred tax assets (Continued)

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

	Group		
	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$
Unutilised capital allowances	9,119	46,117	28,103
Unutilised tax losses	34,485	34,400	25,315
	43,604	80,517	53,418

As at each reporting date, unutilised capital allowances of approximately \$38,000 (31 December 2017: \$192,000; 1 January 2017: \$117,000) and unutilised tax losses of approximately \$143,000 (31 December 2017: \$143,000; 1 January 2017: \$105,000) are available for set-off against future taxable profits subject to the agreement by the tax authority in Malaysia.

These tax benefits have not been recognised in the financial statements due to the uncertainty of the sufficiency of future taxable profits to be generated for the subsidiary in the foreseeable future.

14. Share capital

	Group and Company		
	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$
<u>Issued and paid up</u>			
298,500,000 ordinary shares as at the beginning and end of the financial year	6,592,761	6,592,761	6,592,761

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. Treasury shares

	Group and Company					
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	Number of ordinary shares			\$	\$	\$
Balance as at the beginning of the financial year	18,387,100	18,387,100	15,368,200	3,938,693	3,938,693	3,328,278
Acquired during the financial year	683,200	-	3,018,900	107,262	-	610,415
Issuance during the financial year	(518,000)	-	-	(79,772)	-	-
Balance as at the end of the financial year	18,552,300	18,387,100	18,387,100	3,966,183	3,938,693	3,938,693

The Company acquired 683,200 (31 December 2017: Nil; 1 January 2017: 3,018,900) of its own shares through purchases on the SGX-ST during the financial year ended 31 December 2018. The total amount paid to acquire the shares was \$107,262 (31 December 2017: Nil; 1 January 2017: \$610,415) and this was presented as a component within shareholder's equity.

On 5 December 2018, 518,000 treasury shares were transferred to certain full-time employees of the Group in pursuant to the Soup Restaurant Performance Share Plan (the "Share Plan"). The share awards had been vested on the date of grant. The fair value of the performance shares was determined as \$79,772 based on the market price of the Company's shares at the grant date.

The details of the performance shares granted under the Share Plan as at 31 December 2018 are as follows:

	Beginning of financial year	Granted during financial year	End of financial year	Vesting price	Vesting Date
31 December 2018					
2017 Share Plan	-	518,000	518,000	\$0.154	05.12.2018*

* The share awards had been vested on the date of grant

16. Translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. Revenue

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

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- enable users to understand the relationship with revenue segment information provided in Note 27 to the financial statements.

Segments	Operation of restaurants		Food processing, distribution and procurement services		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
<i>Primary geographical markets</i>						
Singapore	40,838,910	38,531,048	2,234,976	1,167,954	43,073,886	39,699,002
Malaysia	803,990	881,332	-	-	803,990	881,332
	41,642,900	39,412,380	2,234,976	1,167,954	43,877,876	40,580,334

Timing of transfer of goods and services

Point in time	41,642,900	39,412,380	2,234,976	1,167,954	43,877,876	40,580,334
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18. Other income

	Group	
	2018	2017
	\$	\$
Government grants	243,156	267,954
Royalty fees	64,992	47,336
Sponsorship income	70,000	160,000
Sundry income	53,764	90,029
	431,912	565,319

19. Employee benefits expense

	Group	
	2018	2017
	\$	\$
Salaries, bonuses and other benefits	13,838,294	13,422,088
Contributions to defined contribution plans	998,758	966,336
	14,837,052	14,388,424

The above includes the amounts shown as key management personnel remuneration (excludes Directors' fees) as disclosed in Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. Finance costs

	Group	
	2018	2017
	\$	\$
Amortisation of discount on provision	19,174	18,679
Interest expense on finance lease payable	1,086	1,407
	20,260	20,086

21. Profit before income tax

The following have been included in arriving at profit before income tax:

	Group	
	2018	2017
	\$	\$
<u>Other expenses</u>		
Audit fees		
- the auditor of the Company	106,200	104,200
- other auditor	7,300	6,751
Non-audit fees		
- the auditor of the Company	63,400	53,000
- other auditor	2,837	1,500
Cleaning services and materials	1,179,791	1,030,087
Consultancy fees	35,452	84,240
Credit card commission charges	477,825	434,846
Directors' fees	160,000	160,000
Operating lease expenses for premises		
- minimum lease payments	6,996,000	6,985,890
- contingent rents	1,747,191	1,701,809
Sales commission	681,007	89,269
Operating lease expenses for machineries	123,166	68,443
Plant and equipment written off	17,096	56,414
Repair and maintenance	446,767	358,545
Utilities	2,047,197	1,869,874

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. Income tax expense

	Group	
	2018	2017
	\$	\$
Current income tax		
- current financial year	374,256	211,235
- under/(over) provision in respect of prior financial years	18,419	(27,148)
	392,675	184,087
Deferred tax		
- current financial year	28,000	(3,200)
- (over)/under provision in respect of prior financial years	(26,800)	21,000
	1,200	17,800
Total income tax expense recognised in profit or loss	393,875	201,887

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the financial year. Taxation in Malaysia is calculated at 24% (2017: 24%) of the estimated assessable profit of the subsidiary in Malaysia for the financial year.

The income tax expense varied from the amount of income tax expense determined by applying the Singapore statutory income tax rate of 17% (2017: 17%) to profit before income tax as a result of the following differences:

	Group	
	2018	2017
	\$	\$
Profit before income tax	2,584,150	2,148,691
Income tax at Singapore statutory income tax rate	439,306	365,278
Effect of different tax rate in Malaysia	9,784	(6,748)
Tax effect of expenses non-deductible for income tax purposes	94,773	61,270
Tax effect of income not subject to income tax	(11,302)	(8,047)
Tax effect of Singapore's statutory stepped income exemption	(79,436)	(80,231)
Tax incentives	(42,229)	(150,449)
Deferred tax assets not recognised	-	27,099
Utilisation of previously not recognised deferred tax assets	(36,913)	-
Withholding tax	11,110	-
(Over)/under provision in respect of prior financial years		
- current income tax	18,419	(27,148)
- deferred tax	(26,800)	21,000
Others	17,163	(137)
Total income tax expense recognised in profit or loss	393,875	201,887

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Earnings per share

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

	Group	
	2018	2017
<u>Earnings (\$)</u>		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to the owners of the Company)	2,190,275	1,946,804
<u>Number of shares</u>		
Weighted average number/Actual number of ordinary shares for the purposes of basic and diluted earnings per share	280,104,423	280,112,900
<u>Earnings per share (cents)</u>		
Basic and diluted	0.78	0.70

The Group does not have any dilutive potential ordinary shares for the financial years ended 31 December 2018 and 31 December 2017.

24. Dividends

	Group and Company	
	2018	2017
	\$	\$
Final tax-exempt dividend paid of 0.50 (2017: 0.25) Singapore cents per share in respect of the previous financial year	1,400,565	700,282

The Directors of the Company recommend a final tax-exempt dividend of 0.65 Singapore cents per share amounting to \$1,819,600 to be paid in respect of the current financial year. The final tax-exempt dividend has not been recognised as liabilities as at the end of financial year as it is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. Operating lease commitments

The Group and the Company as the lessees

There were operating lease commitments for rental of premises payable in subsequent accounting periods as follows:

	Group			Company		
	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$	31 December 2018 \$	31 December 2017 \$	1 January 2017 \$
Not later than one year	6,686,861	6,620,406	6,993,043	132,145	63,937	127,872
Later than one year and not later than five years	6,222,666	3,755,757	8,814,813	198,218	-	63,937
	12,909,527	10,376,163	15,807,856	330,363	63,937	191,809

The above leases expire on dates between 28 February 2019 to 31 August 2022 (31 December 2017: 31 March 2018 to 15 July 2020; 1 January 2017: 3 April 2017 to 7 July 2020). The current rents payable under the leases of premises are subject to revision after expiry. The above commitments were based on prevailing rental rates for the current financial year. Some of the operating leases of premises provide for contingent rentals based on percentage of sales derived from the rented premises. The leases have varying terms, escalation clauses and renewal rights for 1 to 3 years (31 December 2017: 1 to 3 years; 1 January 2017: 1 to 3 years).

26. Significant related party transactions

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

	Group		Company	
	2018 \$	2017 \$	2018 \$	2017 \$
Employee benefits paid to a close family member of a Director of the Company	174,374	182,157	174,374	182,157
Royalty fees charged to subsidiaries	-	-	1,158,776	1,071,312
Dividend received from a subsidiary	-	-	1,800,000	1,300,000
Management fees charged to subsidiaries	-	-	1,447,093	1,307,586

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. Significant related party transactions (Continued)

Compensation of key management personnel

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

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

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Directors' fees	160,000	160,000	160,000	160,000
Short-term employee benefits	1,619,457	1,546,076	1,409,577	1,230,642
Post-employment benefits	102,697	104,804	73,342	58,538
	1,882,154	1,810,880	1,642,919	1,449,180

Key management personnel remuneration includes the following remuneration to the Directors of the Company and Directors of the subsidiaries as follows:

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Directors of the Company				
Directors' fees	160,000	160,000	160,000	160,000
Short-term employee benefits	1,116,632	850,800	1,116,632	850,800
Post-employment benefits	43,365	19,440	43,365	19,440
	1,319,997	1,030,240	1,319,997	1,030,240
Directors of the subsidiaries				
Short-term employee benefits	209,880	195,818	-	-
Post-employment benefits	29,355	29,523	-	-
	239,235	225,341	-	-
	1,559,232	1,255,581	1,319,997	1,030,240

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker as disclosed in Note 2.19 to the financial statements.

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

The Group identified two reportable business segments being operation of restaurants and food processing, distribution and procurement services segments.

- (i) The operation of restaurants segment sells food and beverage products to the general public via restaurant outlets.
- (ii) The food processing, distribution and procurement services segment processes, distributes and procures food and beverage products for sale to operation of restaurants segment and to third parties. This segment has been formed by aggregating the sourcing, processing, supplying and distributing of food and beverage which, in management's view, share similar economic characteristics. In making this judgement, management considers that the operations share common facilities and usage of similar processes.

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

Geographically, management manages and monitors the business in these primary geographic areas: Singapore and Malaysia.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. Segment information (Continued)

Geographical information

The Group's business segments operate in two main geographical areas. Revenue is based on the countries in which the customers are located.

	Singapore \$	Malaysia \$	Group \$
2018			
Total revenue from external parties	43,073,886	803,990	43,877,876
Non-current assets	3,037,307	269,070	3,306,377
2017			
Total revenue from external parties	39,699,002	881,332	40,580,334
Non-current assets	3,691,385	76,192	3,767,577

Non-current assets shown by the geographical area in which the assets are located.

Segment results

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

A reconciliation of the total segment profit to the profit for the financial year is as follows:

	Group	
	2018 \$	2017 \$
Segment profit	2,149,065	1,917,813
Interest income	41,210	28,991
Profit for the financial year	2,190,275	1,946,804

Segment assets

The amounts provided to the chief operating decision maker in respect of the total assets are measured in a manner consistent to that of the financial statements. Management monitors the assets attributable to each segment for the purpose of monitoring segment performance and for allocating resources between segments. All assets are allocated to the reportable segments except for certain assets included in "Others" which are not reported to the chief operating decision maker as they comprised of other receivables and government grant receivables that are not directly attributable to the segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. Segment information (Continued)

Segment liabilities

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

Information about major customers

The Group does not have any major customers as it provides goods and services to the general public as a whole. The revenue is spread over a broad base of customers.

28. Financial risks management

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

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

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

28.1 Credit risk

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

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics on trade receivables from third parties. The Company has no significant concentration of credit risk except for amount due from subsidiaries amounting to \$3,021,028 (31 December 2017: \$2,580,122; 1 January 2017: \$3,010,870) as at the end of the financial year.

Non trade amounts due from subsidiaries

For amounts due from subsidiaries, the Board of Directors has taken into account information that it has available internally about these subsidiaries’ past, current and expected operating performance and cash flow position. The Board of Directors monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as these subsidiaries have sufficient liquid assets and cash to repay their debts. Therefore, amount due from subsidiaries have been measured based on 12-month expected credit loss model and subject to immaterial credit loss, except as disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Financial risks management (Continued)

28.1 Credit risk (Continued)

Cash and cash equivalents

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group and Company held cash and cash equivalents of \$10,039,204 and \$5,902,103 as 31 December 2018 (31 December 2017: \$8,127,824 and \$5,341,200; 1 January 2017: \$7,622,368 and \$4,202,551). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A1 to Aa1, based on Moody's ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Trade receivables

In calculating the expected credit loss rates, the Group considers historical loss rates and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

	Gross carrying amount	Impairment loss allowance	Credit impaired
	\$	\$	
31 December 2018			
Group			
Not past due	613,228	-	No
Past due but not impaired			
- 0 to 3 months	247,143	-	No
- More than 3 months	37,672	-	No
	898,043	-	

Management believes that no impairment allowance is necessary in respect of trade receivables as these are substantially companies with good collection track record and no recent history of default, hence the expected credit loss is not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Financial risks management (Continued)

28.1 Credit risk (Continued)

Trade receivables (Continued)

Comparative information applying the principles under FRS 39

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. The ageing analysis of the Group's third parties trade receivables is as follows:

	Group	
	31 December 2017 \$	1 January 2017 \$
Not past due	573,807	342,919
Past due but not impaired		
- 0 to 3 months	138,151	66,883
- More than 3 months	32,159	24,902
	744,117	434,704

Based on historical default rates, the Group believes that no allowance for impairment loss on receivables is necessary in respect of the trade receivables.

28.2 Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Financial risks management (Continued)

28.2 Liquidity risk (Continued)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

Group	Within one financial year \$	After one financial year but within five financial years \$	Total \$
31 December 2018			
Financial liabilities			
Non-interest bearing			
- Trade and other payables	3,569,682	-	3,569,682
Interest bearing			
- Finance lease payable	6,279	11,511	17,790
	3,575,961	11,511	3,587,472
31 December 2017			
Financial liabilities			
Non-interest bearing			
- Trade and other payables	3,188,743	-	3,188,743
Interest bearing			
- Finance lease payable	6,279	17,790	24,069
	3,195,022	17,790	3,212,812
1 January 2017			
Financial liabilities			
Non-interest bearing			
- Trade and other payables	3,876,613	-	3,876,613
Interest bearing			
- Finance lease payable	6,279	24,068	30,347
	3,882,892	24,068	3,906,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Financial risks management (Continued)

28.2 Liquidity risk (Continued)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows. (Continued)

Company	Within one financial year \$	After one financial year but within five financial years \$	Total \$
31 December 2018			
Financial liabilities			
Non-interest bearing			
- Trade and other payables	573,449	-	573,449
31 December 2017			
Financial liabilities			
Non-interest bearing			
- Trade and other payables	341,930	-	341,930
1 January 2017			
Financial liabilities			
Non-interest bearing			
- Trade and other payables	566,140	-	566,140

28.3 Offsetting financial assets and financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Financial risks management (Continued)

28.3 Offsetting financial assets and financial liabilities (Continued)

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

Financial assets

	Related amounts set off in the statement of financial position		
	Gross amounts – financial liabilities	Gross amounts – financial assets	Net amounts of financial assets
Company	\$	\$	\$
As at 31 December 2018			
Amounts due from subsidiaries	3,286,638	(265,610)	3,021,028
As at 31 December 2017			
Amounts due from subsidiaries	2,647,865	(67,743)	2,580,122
As at 1 January 2017			
Amounts due from subsidiaries	3,380,122	(369,252)	3,010,870

Financial liabilities

	Related amounts set off in the statement of financial position		
	Gross amounts – financial liabilities	Gross amounts – financial assets	Net amounts of financial liabilities
Company	\$	\$	\$
As at 31 December 2018			
Amounts due to subsidiaries	-	-	-
As at 31 December 2017			
Amounts due to subsidiaries	5,315	(1,431)	3,884
As at 1 January 2017			
Amounts due to subsidiaries	7,503	-	7,503

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. Contingent liabilities

The Company has undertaken to provide financial support to certain of its subsidiaries to enable them to operate as going concern and to meet their obligations as and when they fall due at least 12 months from the end of the financial year. At the end of the financial year, certain subsidiaries had deficiencies in shareholders' fund aggregating approximately \$908,808 (31 December 2017: \$1,121,601; 1 January 2017: \$902,401).

As at the end of the financial year, the Company has not recognised any liability in respect of the financial support given as the Directors have assessed that the likelihood of default is remote.

30. Fair value of financial instruments

The Group and the Company categorised fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used in making the measurements as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

The classification of an item into above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfer of items between levels are recognised in the period they occur.

The carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their respective fair values due to the relative short-term maturities of these financial instruments, except as disclosed in Note 8 and Note 12 to the financial statements.

31. Capital management policies and objectives

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital (Note 14), treasury shares (Note 15), translation reserve (Note 16) and retained earnings as disclosed in the consolidated statement of changes in equity of the Group and statement of changes in equity of the Company.

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

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2018 and 2017.

STATISTICS OF SHAREHOLDINGS

AS AT 27 MARCH 2019

SHARE CAPITAL

Number of ordinary shares in issue (excluding treasury shares)	:	279,327,700
Number of treasury shares held	:	19,172,300
Number of subsidiary holdings held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
% of aggregate number of treasury shares and subsidiary holdings held against the total number of shares in issue (excluding treasury shares and subsidiary holdings)	:	6.86%

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	5	0.23	70	0.00
100 - 1,000	72	3.30	60,500	0.02
1,001 - 10,000	1,642	75.29	6,679,993	2.39
10,001 - 1,000,000	443	20.31	32,426,826	11.61
1,000,001 and above	19	0.87	240,160,311	85.98
Total	2,181	100.00	279,327,700	100.00

TWENTY LARGEST SHAREHOLDERS

Name	Number of Shares	%
1 MOK YIP PENG	66,008,400	23.63
2 WONG CHI KEONG	49,077,300	17.57
3 WONG WEI TECK	37,491,900	13.42
4 DB NOMINEES (SINGAPORE) PTE LTD	27,991,850	10.02
5 KGI SECURITIES (SINGAPORE) PTE. LTD.	21,850,700	7.82
6 DBS NOMINEES (PRIVATE) LIMITED	5,919,861	2.12
7 RAFFLES NOMINEES (PTE) LIMITED	5,063,700	1.81
8 LEE IN CHUN	4,887,700	1.75
9 THNG CHEO YAN	4,000,000	1.43
10 CHUA GUAT HEE	2,675,400	0.96
11 HO THIAM KIAT	2,141,000	0.77
12 UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,093,000	0.75
13 HUANG XIANGMIAO	2,000,000	0.72
14 SIM KWANG WEI EUGENE	1,673,000	0.60
15 CITIBANK NOMINEES SINGAPORE PTE LTD	1,665,800	0.60
16 DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,606,500	0.58
17 OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,514,200	0.54
18 LEK SECK TIN	1,300,000	0.47
19 WONG YI	1,200,000	0.43
20 THEN FENG (DENG FENG)	1,000,000	0.36
Total	241,160,311	86.35

STATISTICS OF SHAREHOLDINGS

AS AT 27 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽⁴⁾	Number of Shares	% ⁽⁴⁾
Mok Yip Peng	66,008,400	23.63	-	-
Wong Chi Keong	49,077,300	17.57	-	-
Wong Wei Teck ⁽¹⁾	37,491,900	13.42	4,000,000	1.43
Then Khek Koon ⁽²⁾	-	-	28,945,000	10.36
Goh Khoon Lim ⁽³⁾	-	-	21,848,700	7.82

Notes:

- (1) Wong Wei Teck is deemed to have an interest in 4,000,000 shares held by his wife, Thng Cheo Yan.
- (2) Then Khek Koon is deemed to have an interest in 27,945,000 shares held under DB Nominees (Singapore) Pte Ltd as his nominee and 1,000,000 shares held by his son, Then Feng.
- (3) Goh Khoon Lim is deemed to have an interest in 21,848,700 shares held under KGI Securities (Singapore) Pte. Ltd. as his nominee.
- (4) Percentage is based on 279,327,700 shares (excluding treasury shares) as at 27 March 2019.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company, approximately 25.4% of the Company's shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public as at 27 March 2019. Therefore the Company has complied with Rule 723 of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of SOUP RESTAURANT GROUP LIMITED (the “**Company**”) will be held at 150 Kampong Ampat, #04-01 KA Centre, Singapore 368324 on Friday, 26 April 2019 at 9.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2018 together with the Independent Auditor’s Report thereon. **(Resolution 1)**

2. To declare a final (tax exempt one-tier) dividend of 0.65 cent per ordinary share for the financial year ended 31 December 2018 (2017: 0.50 cent per ordinary share). **(Resolution 2)**

3. To approve the payment of Directors’ fees of \$160,000 for the financial year ended 31 December 2018 (2017: \$160,000). **(Resolution 3)**

4. To re-elect the following Directors of the Company retiring pursuant to Regulation 107 of the Company’s Constitution:
 - Mr Wong Wei Teck [*See Explanatory Note (i)*] **(Resolution 4)**
 - Mr Then Khek Koon **(Resolution 5)**

5. To re-appoint BDO LLP as auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

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

6. **Authority to issue shares** **(Resolution 7)**

That pursuant to Section 161 of the Companies Act, Chapter 50 (“**Companies Act**”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors be authorised and empowered to:

 - (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, 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 or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

7. Renewal of Share Purchase Mandate

(Resolution 8)

That for the purposes of Sections 76C and 76E of the Companies Act, the Directors be authorised to make purchases or otherwise acquire issued Shares from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as ascertained as at the date of AGM of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix 1 attached, and this mandate shall continue in force until (a) the date on which the next AGM of the Company is held or is required by law to be held, (b) the date on which the share purchases are carried out to the full extent of the Share Purchase Mandate, or (c) the date on which the authority conferred in the Share Purchase Mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting, whichever is earliest.

[See Explanatory Note (iii)]

8. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Chong In Bee
Company Secretary

11 April 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Wong Wei Teck will, upon re-election as a Director, remain as the Managing Director and a member of the Nominating Committee of the Company.
- (ii) Resolution 7 proposed in item 6 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro rata basis to shareholders of the Company.
- (iii) Resolution 8 proposed in item 7 above, if passed, will empower the Directors, effective until the date on which the next AGM of the Company is held or is required by law to be held, the date on which the share purchases are carried out to the full extent of the Share Purchase Mandate or the date on which the authority conferred in the Share Purchase Mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting, whichever is earliest, to repurchase Shares by way of market purchases or off-market purchases of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the price of up to but not exceeding the Maximum Price as defined in the Appendix 1 attached. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 are set out in greater detail in the Appendix 1 attached.

Notes:

- (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act.

- (ii) A proxy need not be a member of the Company.
- (iii) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 150 Kampong Ampat, #04-01 KA Centre, Singapore 368324 not less than 48 hours before the time appointed for holding the AGM.
- (iv) The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

NOTICE OF ANNUAL GENERAL MEETING

- (v) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

Personal Data Privacy:

“**Personal data**” in this notice of AGM has the same meaning as “personal data” in the Personal Data Protection Act 2012, which includes the member's name and its proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he proposes/seconds) may be recorded by the Company for such purpose.

APPENDIX 1

SUMMARY SHEET FOR RENEWAL OF SHARE PURCHASE MANDATE

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

(A) Shares Purchased In The Previous Twelve Months

Pursuant to the Share Purchase Mandate obtained at the annual general meeting on 27 April 2018, the Company had bought back an aggregate of 1,303,200 issued ordinary shares in the capital of the Company (the “**Shares**”) by way of market acquisitions within the 12 months preceding the Latest Practicable Date (as defined below). The total consideration paid for the purchases was approximately \$224,609 (inclusive of brokerage and clearing fees). The highest price paid for the purchases was \$0.190 per Share and the lowest price paid was \$0.157 per Share.

The 1,303,200 Shares are held by the Company as Treasury Shares.

(B) Renewal Of The Share Purchase Mandate

The Ordinary Resolution No. 8 if passed at the forthcoming annual general meeting to be held on 26 April 2019 (“**FY2018 AGM**”), will renew the Share Purchase Mandate approved by the shareholders of the Company (“**Shareholders**”) from the date of the FY2018 AGM at which the proposed renewal of the Share Purchase Mandate is approved until:

- (a) the date on which the next annual general meeting of the Company is held or is required by law to be held;
- (b) the date on which the share purchases are carried out to the full extent of the Share Purchase Mandate; or
- (c) the date on which the authority conferred in the Share Purchase Mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting,

whichever is the earliest.

(C) Rationale For The Share Purchase Mandate

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

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

Pursuant to the Companies Act (Chapter 50) of Singapore (the “**Act**”), the Share Purchase Mandate also enables the Company to hold Shares purchased pursuant to the Share Purchase Mandate as Treasury Shares to be utilised, *inter alia*, for the purpose of the issue of Shares pursuant to the grant of awards under the Soup Restaurant Performance Share Plan.

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

The Directors will ensure that the Share Purchases will not have any effect on the listing of the Company's securities including the Shares listed on the SGX-ST. Rule 723 of the Listing Manual of the SGX-ST requires at least ten per cent. (10%) of the total number of issued shares (excluding Treasury Shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The Directors shall safeguard the interests of public Shareholders before undertaking any Share Purchases. Before exercising the Share Purchase Mandate, the Directors shall at all times take due cognisance of (a) the then shareholding spread of the Company in respect of the number of Shares held by substantial Shareholders and by non-substantial Shareholders and (b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any Share Purchases.

As at 27 March 2019 (the "**Latest Practicable Date**"), approximately 70,856,400 Shares (25.4%) of a total of 279,327,700 Shares issued by the Company (excluding 19,172,300 Treasury Shares) are held by the public. The Company will ensure that the Share purchases will not cause market illiquidity or affect orderly trade and will ensure that Rule 723 of the Listing Manual is complied with.

(D) Financial Impact Of The Proposed Shares Purchases

1. The purchased Shares may be:
 - (i) held by the Company; or
 - (ii) dealt with, at any time, in accordance with Section 76K of the Act, as Treasury Shares.

Section 76K of the Act allows the Company to:

- (a) sell the Treasury Shares (or any of them) for cash;
- (b) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme of the Company, whether for employees, Directors or other persons;
- (c) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the Treasury Shares (or any of them); or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

The aggregate number of Shares held as Treasury Shares shall not at any time exceed ten per cent. (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months after the limit is first exceeded, or such further period as may be allowed by Accounting and Corporate Regulatory Authority ("**ACRA**").

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Under the Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

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

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

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

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on winding up) may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Shares into Treasury Shares of a greater or smaller number is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

2. The financial effects on the Company and the Group arising from the proposed purchases of the Company's Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased and the consideration paid at the relevant time.
3. Based on the existing issued and paid-up share capital of the Company of 279,327,700 Shares (excluding 19,172,300 Treasury shares) as at the Latest Practicable Date, assuming no further Shares are issued, and no further Shares are purchased or acquired by the Company, or held as Treasury Shares, on or prior to the FY2018 AGM, the proposed purchases by the Company of up to a maximum of ten per cent. (10%) of its issued share capital under the Share Purchase Mandate will result in the purchase of up to 27,932,770 Shares. The Company does not have any subsidiary holdings as at the Latest Practicable Date.
4. An illustration of the impact of Share Purchases by the Company pursuant to the Share Purchase Mandate on the Group's and the Company's financial position is set out below based on the following assumptions:
 - (a) audited accounts of the Group and the Company as at 31 December 2018;
 - (b) in full exercise of the Share Purchase Mandate, 27,932,770 Shares were purchased;
 - (c) in the case of Market Purchase, the maximum price for the market purchases is \$0.192 which is five per cent. (5%) above the average closing prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which the transactions in Shares were recorded on the SGX-ST and accordingly the maximum amount of funds required for effecting the Market Purchase in the aggregate is \$5,363,092; and

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- (d) in the case of Off-Market Purchase, the maximum price for the market purchases is \$0.219 which is twenty per cent. (20%) above the average of the closing market prices of the Shares over the last five (5) market days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme and accordingly the maximum amount of funds required for effecting the Off-Market Purchase in the aggregate is \$6,117,277.
- (i) Market Purchases and Off-Market Purchase Made Entirely out of Capital or Profit and Held as Treasury Shares

Market Purchase

	Group before Shares purchase (\$'000)	Group after Shares purchase (\$'000)	Company before Shares purchase (\$'000)	Company after Shares purchase (\$'000)
As at 31 December 2018				
Share Capital	6,593	6,593	6,593	6,593
Reserves	8,439	8,439	7,506	7,506
Equity excluding Treasury Shares	15,032	15,032	14,099	14,099
Treasury Shares	3,966	9,329	3,966	9,329
Total equity including Treasury Shares	11,066	5,703	10,133	4,770
Net tangible assets ⁽¹⁾	10,932	5,569	10,070	4,707
Current Assets	13,731	8,368	8,179	2,816
Current Liabilities	5,702	5,702	657	657
Cash and cash equivalents	10,039	4,676	5,902	539
Net Profit attributable to owners of parent	2,190	2,190	2,088	2,088
Total number of issued Shares ('000) ⁽²⁾	279,328	251,395	279,328	251,395
Financial Ratios				
Net tangible assets per Share (cents)	3.91	2.22	3.60	1.87
Earnings per Share (cents) ⁽³⁾	0.78	0.87	0.75	0.83
Current ratio (times) ⁽⁴⁾	2.41	1.47	12.45	4.29

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Off - Market Purchase

	Group before Shares purchase (\$'000)	Group after Shares purchase (\$'000)	Company before Shares purchase (\$'000)	Company after Shares purchase (\$'000)
As at 31 December 2018				
Share Capital	6,593	6,593	6,593	6,593
Reserves	8,439	8,439	7,506	7,506
Equity excluding Treasury Shares	15,032	15,032	14,099	14,099
Treasury Shares	3,966	10,083	3,966	10,083
Total equity including Treasury Shares	11,066	4,949	10,133	4,016
Net tangible assets ⁽¹⁾	10,932	4,815	10,070	3,953
Current Assets	13,731	7,614	8,179	2,062
Current Liabilities	5,702	5,702	657	657
Cash and cash equivalents	10,039	3,922	5,902	(215)
Net Profit attributable to owners of parent	2,190	2,190	2,088	2,088
Total number of issued Shares ('000) ⁽²⁾	279,328	251,395	279,328	251,395
Financial Ratios				
Net tangible assets per Share (cents)	3.91	1.92	3.60	1.57
Earnings per Share (cents) ⁽³⁾	0.78	0.87	0.75	0.83
Current ratio (times) ⁽⁴⁾	2.41	1.34	12.45	3.14

Notes:

- (1) Net tangible assets equals total equity less minority interest less intangible assets, if any.
- (2) Total number of issued Shares excludes 19,172,300 Shares that are held as Treasury Shares as at the Latest Practicable Date.
- (3) For illustrative purposes, Earnings Per Share is computed based on profit after tax and number of Shares as shown in the table above.
- (4) Current ratio equals current assets divided by current liabilities.

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

Market Purchase

	Group before Shares purchase (\$'000)	Group after Shares purchase (\$'000)	Company before Shares purchase (\$'000)	Company after Shares purchase (\$'000)
As at 31 December 2018				
Share Capital	6,593	6,593	6,593	6,593
Reserves	8,439	3,076	7,506	2,143
Equity excluding Treasury Shares	15,032	9,669	14,099	8,736
Treasury Shares	3,966	3,966	3,966	3,966
Total equity including Treasury Shares	11,066	5,703	10,133	4,770
Net tangible assets ⁽¹⁾	10,932	5,569	10,070	4,707
Current Assets	13,731	8,368	8,179	2,816
Current Liabilities	5,702	5,702	657	657
Cash and cash equivalents	10,039	4,676	5,902	539
Net Profit attributable to owners of parent	2,190	2,190	2,088	2,088
Total number of issued Shares ('000)	279,328	251,395	279,328	251,395
Financial Ratios				
Net tangible assets per Share (cents)	3.91	2.22	3.60	1.87
Earnings per Share (cents) ⁽²⁾	0.78	0.87	0.75	0.83
Current ratio (times) ⁽³⁾	2.41	1.47	12.45	4.29

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Off - Market Purchase

	Group before Shares purchase (\$'000)	Group after Shares purchase (\$'000)	Company before Shares purchase (\$'000)	Company after Shares purchase (\$'000)
As at 31 December 2018				
Share Capital	6,593	6,593	6,593	6,593
Reserves	8,439	2,322	7,506	1,389
Equity excluding Treasury Shares	15,032	8,915	14,099	7,982
Treasury Shares	3,966	3,966	3,966	3,966
Total equity including Treasury Shares	11,066	4,949	10,133	4,016
Net tangible assets ⁽¹⁾	10,932	4,815	10,070	3,953
Current Assets	13,731	7,614	8,179	2,062
Current Liabilities	5,702	5,702	657	657
Cash and cash equivalents	10,039	3,922	5,902	(215)
Net Profit attributable to owners of parent	2,190	2,190	2,088	2,088
Total number of issued Shares ('000)	279,328	251,395	279,328	251,395
Financial Ratios				
Net tangible assets per Share (cents)	3.91	1.92	3.60	1.57
Earnings per Share (cents) ⁽²⁾	0.78	0.87	0.75	0.83
Current ratio (times) ⁽³⁾	2.41	1.34	12.45	3.14

Notes:

- (1) Net tangible assets equals total equity less minority interest less intangible assets, if any.
- (2) For illustrative purposes, Earnings Per Share is computed based on profit after tax and number of Shares as shown in the table above.
- (3) Current ratio equals current assets divided by current liabilities.

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5. Shareholders should note that the financial effects set out above are based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2018 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2018 may not be representative of future performance.
6. The Company intends to use its internal sources of funds to finance its purchases of the Shares. The Company does not intend to obtain or incur any borrowings to finance its purchases of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected.
7. The Company will take into account both financial and non-financial factors, among other things, the market conditions at such time, the Company's financial condition, the performance of the Shares and whether such Share purchases would represent the most efficient and cost-effective approach to enhance the Share value. Share purchases will only be made if the Board believes that such purchases are likely to benefit the Company and increase economic value for Shareholders.

(E) Consequences of Share Purchases Under The Singapore Code on Take-overs and Mergers

1. In accordance with The Singapore Code on Take-overs and Mergers (the "Take-over Code"), a person will be required to make a general offer for a public company if:
 - (a) he and persons acting in concert with him acquires thirty per cent. (30%) or more of the voting rights of the company; or
 - (b) he and persons acting in concert with him already holds between thirty per cent. (30%) and fifty per cent. (50%) of the voting rights of the company, and he and his concert parties increase their voting rights in the company by more than one per cent. (1%) in any six-month period.
2. As at the Latest Practicable Date and before the proposed Share Purchase Mandate, the Directors' and substantial Shareholders' interests are as follows:

	Before Purchase				After Purchase	
	Direct Interest Number of Shares	Deemed Interest Number of Shares	Total Interest Number of Shares	%	Total Interest Number of Shares	%
Directors						
Wong Chi Keong	49,077,300	-	49,077,300	17.57	49,077,300	19.52
Wong Wei Teck ⁽¹⁾	37,491,900	4,000,000	41,491,900	14.85	41,491,900	16.50
Then Khok Koon ⁽²⁾	-	28,945,000	28,945,000	10.36	28,945,000	11.51
Professor Cham Tao Soon ⁽³⁾	300,000	200,000	500,000	0.18	500,000	0.20
Chua Koh Ming	300,000	-	300,000	0.11	300,000	0.12
Saw Meng Tee	300,000	-	300,000	0.11	300,000	0.12
Substantial Shareholders other than Directors						
Mok Yip Peng	66,008,400	-	66,008,400	23.63	66,008,400	26.26
Goh KhooLim ⁽⁴⁾	-	21,848,700	21,848,700	7.82	21,848,700	8.69

Notes:

- (1) Wong Wei Teck, the Managing Director of the Company, is deemed to have an interest in the 4,000,000 Shares held by his wife, Thng Cheo Yan.
- (2) Then Khok Koon, the Executive Director of the Company, is deemed to have an interest in the 27,945,000 Shares held in the name of DB Nominees (S) Pte Ltd as nominee and 1,000,000 Shares held by his son, Then Feng.

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- (3) Professor Cham Tao Soon, the Non-Executive Chairman and Independent Director of the Company, is deemed to have an interest in the 200,000 Shares held by his wife, Cham Ee Lin.
- (4) Goh Khoon Lim is deemed to have an interest in 21,848,700 shares held under KGI Securities (Singapore) Pte. Ltd. as his nominee.

None of the Directors are acting in concert with one another. Accordingly, none of the Directors are required to make a general offer pursuant to the Take-Over Code in the event that the Company undertakes Share Purchases of up to ten per cent (10%) of the issued Shares as permitted by the Share Purchase Mandate.

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

(F) Miscellaneous

1. Any Share Purchases undertaken by the Company shall be at a price of up to but not exceeding the Maximum Price. The Maximum Price is a sum which shall not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) market days in which transactions in the Shares on the SGX-ST were recorded before the day on which such purchase is made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) days period in the case of a Market Purchase. In the case of an Off-Market Purchase, the Maximum Price is a sum which shall not exceed the sum constituting 20% above the average closing price of the Shares over the period of five (5) market days in which transactions in the Shares on the SGX-ST were recorded immediately preceding the date on which the Company makes an announcement of an offer under an equal access scheme and deemed to be adjusted for any corporate action that occurs after the relevant five (5) days period.
2. In making Share Purchases, the Company will comply with the requirements of the SGX-ST Listing Manual, in particular, Rule 886 with respect to notification to the SGX-ST of any Share purchases. Rule 886 is reproduced below:
 - “(1) An issuer must notify the Exchange of any share buy-back as follows:
 - (a) In the case of a market acquisition, by 9.00 a.m. on the market day following the day on which it purchased shares;
 - (b) In the case of an off market acquisition under an equal access scheme, by 9.00 a.m. on the second market day after the close of acceptances of the offer.
 - (2) Notification must be in the form of Appendix 8.3.1 (or 8.3.2 for an issuer with a dual listing on another stock exchange).”
3. Share Purchases will be made in accordance with the “Guidelines on Share Purchases” as set out in Annexure A of the Company’s Circular to Shareholders dated 5 July 2013, a copy of which is annexed and amended to take into account, *inter alia*, the change in trading lots of 1,000 to 100, amendments made to the Act pursuant to the Companies (Amendment) Act 2014, amendments made to the SGX-ST Listing Manual since the last version of Appendix 1 and the Guidance Note on Share Buy-back Mandate issued by SGX-ST on 29 June 2018. All information required under the Act relating to the Share Purchase Mandate is contained in the said Guidelines.

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

(G) Directors’ Responsibility Statement

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

(H) Directors’ Recommendation

The Directors of the Company are of the opinion that the renewal of the proposed Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors of the Company recommend that Shareholders vote in favour of Ordinary Resolution 8.

(I) Taxation

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

(J) Documents For Inspection

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

- (a) the Constitution of the Company; and
- (b) the audited financial statements of the Company for the financial year ended 31 December 2018.

(K) Compliance With Governing Laws, Regulations And The Constitution

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

ANNEXURE A

GUIDELINES ON SHARE PURCHASES

1. Shareholders' Approval

- (a) Purchases of Shares by the Company must be approved in advance by the Shareholders at a general meeting of the Company, by way of a general mandate.
- (b) A general mandate authorising the purchase of Shares by the Company representing up to ten per cent. (10%) of the issued ordinary shares in the capital of the Company (excluding any Shares held as Treasury Shares and subsidiary holdings) will expire on the earlier of:
 - (i) the date on which the next annual general meeting of the Company is held or is required by law to be held;
 - (ii) the date on which the share purchases are carried out to the full extent of the Share Purchase Mandate; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting.
- (c) The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares shall be renewed at the next annual general meeting of the Company.
- (d) When seeking Shareholders' approval for the renewal of the Share Purchase Mandate, the Company shall disclose details pertaining to the purchases of Shares made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest price for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2. Mode Of Purchase

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

- (a) by way of market purchases of Shares on the SGX-ST, which means a purchase transacted through the ready market; or
- (b) by way of off-market acquisitions on an equal access scheme in accordance with Section 76C of the Act.

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

3. Funding Of Share Purchases

- (a) In purchasing the Shares, the Company may only apply funds legally permitted for such purchase in accordance with its Constitution, and the relevant laws and regulations enacted or prescribed by the relevant competent authorities in Singapore.
- (b) Any purchase by the Company may be made out of capital or profits that are available for distribution as dividends, so long as the Company is solvent (as defined by Section 76F(4) of the Act).

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

4. Trading Restrictions

- (a) Subject to paragraph 4(b) below, the number of Shares which can be purchased pursuant to the Share Purchase Mandate is such number of Shares which represents up to a maximum of ten per cent. (10%) of the issued ordinary shares in the capital of the Company (excluding Treasury Shares and subsidiary holdings) as at date of the last annual general meeting of the Company or at the date of the EGM, whichever is the higher.
- (b) The Company should seek approval to buy back the maximum number of shares which do not result in the public float falling below 10%. If the Company wishes to seek approval for the full share buyback limit of 10% (which will result in the public float falling below 10%), the Company should disclose its rationale for doing so.

5. Price Restrictions

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

- (a) in the case of a Market Purchase, five per cent (5%) above the average closing price of the Shares over the period of five (5) Market Days in which transactions in the Shares on the SGX-ST were recorded, in the case of a Market Purchase, before the day on which such purchase is made; and
- (b) in the case of an Off-Market Purchase, twenty per cent (20%) above the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme,

and deemed to be adjusted for any corporate action that occurs after the relevant five (5) days period.

6. Off-Market Purchases

- (a) For purchases of Shares made by way of an Off-Market Purchase, the Company shall issue an offer document to all Shareholders. The offer document shall contain, *inter alia*, the following information:
 - (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed Share Purchase;
 - (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers or any other applicable take-over rules;
 - (v) whether the purchase of Shares, if made, would have any effect on the listing of the Company's equity securities on the SGX-ST;

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- (vi) details of any purchase of Shares made by the Company in the previous 12 months whether through Market Purchases or Off-Market Purchases, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases; and
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.
- (b) All Offeree Shareholders shall be given a reasonable opportunity to accept any offer made by the Company to purchase their Shares under the Share Purchase Mandate.
- (c) The Company may offer to purchase Shares from time to time under the Share Purchase Mandate subject to the requirement that the terms of any offer to purchase Shares by the Company shall be *pari passu* in respect of all Offeree Shareholders save under the following circumstances:
- (i) where there are differences in consideration attributable to the fact that an offer relates to Shares with different accrued dividend entitlements;
 - (ii) where there are differences in consideration attributable to the fact that an offer relates to Shares with different amounts remaining unpaid; and
 - (iii) where there are differences in an offer introduced solely to ensure that every Shareholder is left with a whole number of Shares in board lots of 100 Shares after the Share Purchases, in the event there are Offeree Shareholders holding odd numbers of Shares.

7. Status Of Purchased Shares

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

- (a) held by the Company; or
- (b) dealt with, at any time, in accordance with Section 76K of the Act, as Treasury Shares.

Section 76K of the Act allows the Company to:

- (i) sell the Treasury Shares (or any of them) for cash;
- (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme of the Company, whether for employees, Directors or other persons;
- (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares (or any of them); or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister of Finance.

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

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Under the Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

- (i) reduce the amount of the issued shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

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

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

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares will be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on winding up) may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of the Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Shares into Treasury Shares of a greater or smaller number is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

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

8. Notification To The ACRA

- (a) Within thirty (30) days of the passing of a Shareholders' resolution to approve any purchase of Shares, the Company shall lodge a copy of such resolution with ACRA.
- (b) The Company shall notify ACRA within thirty (30) days of a purchase of Shares. Such notification shall include details of the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required by ACRA.
- (c) Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

ANNEXURE A

9. Notification To The SGX-ST

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

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

10. Suspension Of Purchase

- (a) The Company may not undertake any Share Purchase prior to the announcement of any price-sensitive information by the Company, until such time as the price sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual.
- (b) The Company may not effect any repurchases of Shares on the SGX-ST during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcements of the Company's full year financial statements (if required to announce quarterly financial statements), or one (1) month before half year and financial year (if not required to announce quarterly financial statements), as the case may be, and ending on the date of announcement of the relevant results.

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SOUP RESTAURANT GROUP LIMITED

(Registration Number 199103597Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

- Investors who hold shares under the Central Provident Fund Investment Scheme ("CPF Investors") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and vote at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, such CPF and SRS Investors shall be precluded from attending the AGM.
- This instrument of proxy is not valid for use by the CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, _____ (Name) (NRIC/Passport/Registration Number _____)

of _____ (Address)

being a member/members* of Soup Restaurant Group Limited (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held at 150 Kampong Ampat, #04-01 KA Centre, Singapore 368324 on Friday, 26 April 2019 at 9.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof.

NO.	RESOLUTIONS	FOR**	AGAINST**
ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 together with the Independent Auditor's Report thereon		
2.	To declare a final dividend of 0.65 cent per ordinary share for the financial year ended 31 December 2018		
3.	To approve the payment of Directors' fees of \$160,000 for the financial year ended 31 December 2018		
4.	To re-elect Mr Wong Wei Teck as a Director of the Company		
5.	To re-elect Mr Then Khok Koon as a Director of the Company		
6.	To re-appoint BDO LLP as auditor of the Company and to authorise the Directors to fix its remuneration		
SPECIAL BUSINESS			
7.	To authorise the Directors to allot and issue shares and convertible securities		
8.	To approve the renewal of the Share Purchase Mandate		

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [✓] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of shares in the boxes provided.

Dated this _____ day of _____ 2019

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this instrument of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.
4. This instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 150 Kampong Ampat, #04-01 KA Centre, Singapore 368324 not less than 48 hours before the time appointed for holding the AGM. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.
5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
7. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 11 April 2019.

《百年三盅》

百年精神，造福人群

Soup Restaurant is committed to keep our vision alive moving towards our 100th year and beyond as a Singapore iconic brand.



Soup Restaurant Group Limited

150 Kampong Ampat
#04-01 KA Centre
Singapore 368324

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