三盅两件

SOUP RESTAURANT

Through Values we Grow

Annual Report 2017

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 17 restaurant outlets in Singapore and Malaysia, as well as a franchised outlet in Indonesia.

CONTENTS

Through Values we Grow

As we move steadfastly towards the future, we draw inspiration and strength from our heritage to preserve the beauty and grace of authentic traditional Cantonese cuisine, delighting our customers with simple yet healthy and wholesome dishes, steeped in Samsui traditions.

With the indefatigable pioneering spirit of the Samsui Woman, we will constantly reinvent ideas to grow our business for the future yet preserving the values of integrity, diligence, learning and creativity.

诚信

Integrity

To serve is humanity's greatest gift. At Soup Restaurant, the Samsui spirit is interwoven into our being. It breathes life into our values, our behaviours and every interaction we have with our customers.

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 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 soups, 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 and 1940s, she immigrated to Singapore from southern China in search of employment. With her trademark red-clothed 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 home town. 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 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!









用心

Diligence

Like the Samsui Woman, we take quiet pride in our work. We believe in what we do and are passionate about the mastery of our craft.

CHAIRMAN'S MESSAGE

> "The Group doubles profit to **$2.1 million** for FY2017."

Dear Shareholders,

On behalf of the Board of Directors of Soup Restaurant Group Limited, I am pleased to present to you the Annual Report for the financial year ended 31 December 2017 ("FY2017").

HIGHLIGHTS OF THE GROUP'S PERFORMANCE IN FY2017

The Group saw a twofold increase in its profit before income tax for FY2017, reporting a significantly improved profit before income tax of $2.1 million. Earnings per share stood at 0.70 cents in FY2017. The increase was mainly due to the opening of four new outlets in the second half of FY2016, contributing $1.0 million in profit.

An in-depth analysis by the Group's management of the performance of all its outlets led to the opening of new outlets in choice locations, retaining those with the potential to turnaround and exiting those which are no longer in line with the Group's targets.

In addition, the Group is actively looking into its productivity efforts, amidst the manpower crunch, and streamlining its processes for better economies of scale and profitability.

During the year, the Group also launched its Samsui Central Kitchen within the Singapore Changi Prison Complex. The central kitchen is an innovative and ground-breaking project marrying the Group's core competencies with its social beliefs and responsibilities as a home-grown local company.

DIVIDEND

In light of our stellar results and to reward our shareholders for their support, I am pleased to announce that the Board of Directors has proposed a final dividend of 0.5 cents per share for FY2017.

OUTSTANDING SERVICE AWARDS

The Group is also pleased that our investment in human capital and emphasis on service was recognised during the year with twenty-one (21) of the Group's employees receiving the Excellent Service Award – a national award that recognises individuals who deliver quality service.

Furthermore, the Group is extremely honoured to have the top Excellent Service Award - the coveted SuperStar award - awarded to our Senior Restaurant Manager, Ms Joanne Choong, who manages our United Square and NEX outlets.

In addition, our Assistant Restaurant Manager at our Changi Airport Terminal 2 outlet, Mr Lim Pin Tze, was awarded the Extra Mile Award from Singapore Changi Airport. Pin Tze received the Honesty Award for going the extra mile to personally return a money pouch he found in the restaurant to a customer, who had already cleared immigration and was unable to return to collect it.

RECOGNITION AS A CHAMPION OF GOOD

I am also happy to report that our subsidiary, Samsui Supplies & Services Pte Ltd, was recognised as a Champion of Good for 2017 by the National Volunteer and Philanthropy Centre. The recognition is timely, coinciding with our launch of Samsui Central Kitchen in October 2017.

With a floor space of 408 sq m, Samsui Central Kitchen was set up at an investment cost of $1.0 million. We train and engage up to 30 inmates, with the objective of equipping them with skill-sets useful for potential employment in future. The central kitchen churns out up to 1.8 million meals a year, which are served to beneficiaries of various nursing homes and voluntary welfare organisations all over Singapore.

CHAIRMAN'S MESSAGE

CORPORATE SOCIAL RESPONSIBILITY

Continuing with its CSR programmes in 2017, the Group partnered the Alzheimer's Disease Association and hosted six (6) Memories Café sessions at various outlets for between 30 – 40 beneficiaries each time. The Group's staff volunteer to host and participate in these sessions, which are modelled after Dr Bere Miesen's "Alzheimer's Café".

The sessions provide persons with dementia and their caregivers a safe and warm environment, away from their long term care setting, for social interaction, engagement activities, such as sing-a-longs and dancing, and topped off by a sumptuous lunch.

I would like to take this opportunity to thank our staff and corporate partners for generously contributing their time, effort and resources towards our social causes.

FUTURE OUTLOOK

The Group has plans for a cautious expansion of its portfolio of outlets in Singapore despite the highly competitive and challenging F&B business environment. The Group will also strive to bring its food offerings to more customers through online delivery platforms from all its outlets.

Moving towards our vision as a "百年三盅" - 100 year old Singapore iconic brand, the Group will continue to explore overseas expansion and new food concepts while maintaining its market niche as a Chinatown heritage restaurant serving home-cooked healthy dishes for families of all generations.

Further, the Group will continue with its efforts to improve productivity and vertically integrate its processes for streamlining and better cost control through central procurement and production facilities. We believe this will provide a strong base for the Group to maintain food quality and consistency for future expansion.

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 new management team and all staff for their dedication and hard work.

Professor Cham Tao Soon
Non-Executive Chairman
29 March 2018

HIGHLIGHTS OF 2017

学习

Learning

We take pride in our work and are constantly learning how we can do better and give of our best to provide the best experience for our customers.

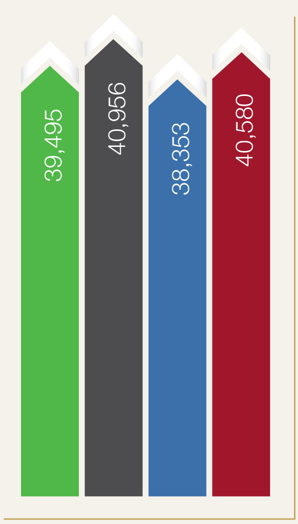
FINANCIAL HIGHLIGHTS

	FY2017 $'000	FY2016 $'000	FY2015 $'000	FY2014 $'000
REVENUE AND PROFITABILITY				
Revenue	**40,580**	38,353	40,956	39,495
Profit before income tax	**2,149**	1,061	1,120	981
Profit attributable to owners of the Company	**1,947**	997	968	911
FINANCIAL AND CASH FLOW POSITION				
Current assets	**11,727**	11,320	12,819	13,637
Current liabilities	**4,914**	5,594	5,235	5,398
Total assets	**15,494**	14,929	15,811	17,668
Total liabilities	**5,188**	5,856	5,515	5,700
Total equity	**10,306**	9,073	10,296	11,968
Cash and cash equivalents	**8,128**	7,622	8,319	9,125
PER SHARE (CENTS)				
Earnings per share [1]	**0.70**	0.35	0.34	0.32
Net asset value per share [2]	**3.68**	3.24	3.64	4.19

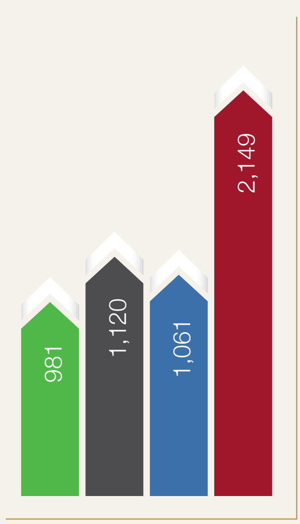
Remarks:

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

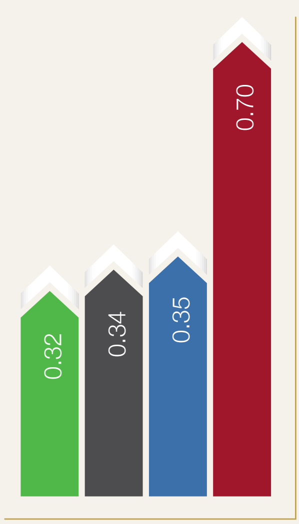
(2) Based on total number of issued shares as at the end of the financial year (excluding treasury shares).



REVENUE ($'000)



PROFIT BEFORE INCOME TAX ($'000)



EARNINGS PER SHARE (CENTS)

2014 2015 2016 2017

OPERATING & FINANCIAL REVIEW

REVENUE AND PROFITABILITY

Revenue

The Group's revenue for the financial year ended 31 December 2017 ("FY2017") was $40.6 million, an increase of $2.2 million or 5.7% as compared to $38.4 million for the financial year ended 31 December 2016 ("FY2016").

The increase was attributable to revenue of $6.6 million from the three new Soup Restaurant outlets which opened in the last two quarters of FY2016 at Changi Airport Terminal 1, Holland Village and Compass One as well as one Cafe O outlet at Holland Village. The increase was offset by a decrease in revenue from closure of outlets and certain existing outlets of $4.4 million 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 decreased by $0.1 million due to the rescheduling of promotional events for the Samsui range of sauces. A central kitchen located in Changi Prison Complex was set up in the last quarter of FY2017 as part of the Group's efforts to build up facilities for vertical integration of the Group's operations, as well as to widen the distribution networks for ready meals to be supplied to nursing homes and VWOs across Singapore. The supply of ready meals increased by $0.1 million in FY2017 as compared to FY2016, recorded at $0.7 million.

Other income

Other income decreased by $0.1 million or 11.6% mainly due to a decrease in government grants received of $0.2 million related to the Wage Credit Scheme and Special Employment Credit, partially offset by an increase in sponsorship income of $0.1 million received from corporate partners to support the Group's Corporate Social Responsibility projects.

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 saw an improvement of 1.1 percentage point at 21.6% of revenue as compared to FY2016.

Employee benefits expense

Employee benefits expense increased by $0.8 million or 6.2% in FY2017 mainly due to an increase of $2.2 million for the new outlets and related staff benefits given as recognition for achieving a better performance in FY2017, offset by a decrease of $1.4 million due to closure of outlets.

Other expenses

Other expenses increased by $0.4 million or 3.2% in FY2017 mainly due to a net increase in operating expenses of $0.1 million as a result of the opening and closure of outlets, an increase of $0.1 million for pre-operating costs of the central kitchen at Changi Prison Complex, an increase of $0.2 million for operating lease expenses for existing outlets as well as an increase of $0.1 million for sales commission and advertising costs paid for online delivery services. This was partially offset by a decrease of professional fees of $0.1 million as a result of a write back.

OPERATING & FINANCIAL REVIEW

RESULTS FOR THE YEAR

In line with the above, the Group's profit before income tax doubled to $2.1 million, an increase of $1.1 million or 102.5% in FY2017 as compared to FY2016. Earnings per share based on weighted average number of ordinary shares for FY2017 has also increased 100.0% to 0.70 cents.

FINANCIAL POSITION REVIEW

Assets

Non-current assets increased by $0.2 million from $3.6 million, as at 31 December 2016 ("FY2016"), to $3.8 million as at 31 December 2017 ("FY2017"), mainly due to additions of plant and equipment of $1.7 million and intangible assets of $0.1 million, offset by depreciation and amortisation expenses of $1.6 million.

Current assets increased by $0.4 million as compared to FY2016 mainly due to an increase in cash and cash equivalents of $0.5 million and increase in inventories of $0.1 million, offset against a decrease in trade and other receivables of $0.2 million. The increase in cash and cash equivalents was attributable mainly to net cash from operating activities, offset by payments made for purchases of plant and equipment and intangible assets of $1.6 million and payment of dividend of $0.7 million. Trade and other receivables decreased by $0.2 million mainly due to the refund of security deposits of $0.6 million as a result of the utilisation of bank guarantees and closure of outlets, offset against an increase in receivables which is associated with the increased revenue.

Liabilities

Total liabilities decreased by $0.6 million mainly due to a net decrease in other payables of $0.7 million as a result of payments for purchases of plant and equipment in FY2016 and offset by an increase in current income tax payable of $0.1 million associated with the increased profit.

Total Equity

Total equity increased by $1.2 million from $9.1 million, as at FY2016, to $10.3 million as at FY2017, attributable mainly to the payment of the final dividend of $0.7 million, offset by profit reported during the financial year. The Group's net asset value per share stood at 3.68 cents as at FY2017.

CORPORATE STRUCTURE

SOUP RESTAURANT GROUP LIMITED

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

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

Professor Cham Tao Soon

Members

Chua Koh Ming
Saw Meng Tee

NOMINATING COMMITTEE

Chairman

Chua Koh Ming

Members

Professor Cham Tao Soon
Saw Meng Tee
Wong Wei Teck

REMUNERATION COMMITTEE

Chairman

Saw Meng Tee

Members

Professor Cham Tao Soon
Chua Koh Ming

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
#23-01Parkview 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 is also the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. He has more than 30 years of experience in the academia sector and is currently the 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 public listed and private companies, including NSL Ltd and Singapore Institute of Management Holdings Pte Ltd.

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

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 is the Chairman of the Remuneration Committee and a member of the Audit and Nominating 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 Global. 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 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 non-practising member of the Institute of Singapore Chartered Accountants and Association of Chartered Certified Accountants.

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

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

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

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

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

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

TEAHOUSE by Soup Restaurant

Century Square
2 Tampines Central 5,
#01-20,
Century Square
Singapore 529509
(Opening in June 2018)

Changi Airport T1
Singapore Changi Airport Terminal 1
#03-19
Viewing Mall Central
Singapore 819642

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 Lebuh Bandar Utama
Petaling Jaya 47800
Selangor Darul Ehsan Malaysia

INDONESIA*

SOUP RESTAURANT

Plaza Indonesia
3rd Floor, Unit 29-31A,
Central Jakarta

* Franchised outlets

创意

Creativity

We are leaders in our domain. Like the pioneering Samsui Woman, we will lead in reviving Samsui traditions by constantly reinventing ideas and preserving traditions in a new and inspiring way.

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.

(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 2017 ("**FY2017**") are disclosed below:

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

Notes:
* By invitation

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

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

(b) approval of annual report and financial statements;

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

(d) approval of corporate strategies;

(e) authorisation of 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.

CORPORATE GOVERNANCE REPORT

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.

Incoming 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 Khek 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 dominates the Board's decision-making.

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

CORPORATE GOVERNANCE REPORT

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 in accordance with CCG2012 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.

CORPORATE GOVERNANCE REPORT

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;

(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 Chi Keong and Mr Saw Meng Tee 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 taken into account the circumstances set forth in Guidelines 2.3 and 2.4 of the CCG 2012 in determining 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.

CORPORATE GOVERNANCE REPORT

Notwithstanding that one of the Directors has more than one board representations, 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 which Directors may hold until such need arises.

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 Singapore Press Holdings Limited *(Retired on 2 December 2014)* Far Eastern Bank Limited *(Retired on 25 April 2014)* United Overseas Bank Limited *(Retired on 25 April 2014)*
Wong Wei Teck *	20 July 1991	30 April 2014	None
Wong Chi Keong	15 June 2011	29 April 2016	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	30 April 2015	None

Note:

* Mr Wong Wei Teck was re-designated as Managing Director with effect from 1 May 2016. As such, he is no longer subjected to retirement 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.

CORPORATE GOVERNANCE REPORT

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 FY2017.

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 FY2017.

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 as Chairman, Professor Cham Tao Soon and Mr Chua Koh Ming as members.

CORPORATE GOVERNANCE REPORT

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.

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 FY2017 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.

CORPORATE GOVERNANCE REPORT

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.

A breakdown, showing the level and mix of each Director's remuneration for FY2017 is as follows:

Name of Director	Salary (1) %	Directors' Fees (2) %	Allowance and other benefits %	Total $'000
Wong Wei Teck	99	–	1	322
Wong Chi Keong	99	–	1	274
Then Khek Koon	99	–	1	274
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 FY2017 is as follows:

Name of Key Management Personnel	Salary (1) %	Bonuses (1) %	Allowance and other benefits %	Total %
Below $250,000				
Chong In Bee	89	11	–	100
Ng Eng Chyuan (3)	92	5	3	100
Su Do Kin Meng (4)	75	–	25	100

The Company has three key management personnel who are not Directors or CEO in FY2017. 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 disclosures 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 total remuneration paid to the above key management personnel was approximately $280,000 for FY2017.

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The summary of the remuneration of an employee who is an immediate family member of a Director and whose remuneration exceeds $50,000 for FY2017 is as follows:

Name of Employee	Salary [(1)] %	Bonuses [(1)] %	Allowance and other benefits %	Total %
Between $150,000 to $200,000				
Tan Kim Lian Jasmine [(5)]	86	14	–	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 FY2017.

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) Mr Ng Eng Chyuan ceased as Chief Operating Officer of the Company on 30 September 2017.
(4) Mr Su Do Kin Meng ceased as General Manager of the Company on 4 July 2017.
(5) Ms Tan Kim Lian Jasmine is the spouse of Mr Then Khek Koon, Executive Director.

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 (excluding controlling shareholders) 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.

No awards have been made under the Plan since its inception and during FY2017.

(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.

CORPORATE GOVERNANCE REPORT

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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the public via SGXNET in accordance with the listing manual of the SGX-ST ("**Listing Manual**").

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

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.

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.

CORPORATE GOVERNANCE REPORT

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 as Chairman, Mr Chua Koh Ming and Mr Saw Meng Tee as members. 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;

(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.

CORPORATE GOVERNANCE REPORT

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 FY2017 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.

The Audit Committee has met with internal auditor and external auditor once without the presence of management in FY2017.

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.

CORPORATE GOVERNANCE REPORT

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.

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.

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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 FY2017.

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.

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 2017 and the statement of financial position of the Company as at 31 December 2017.

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 2017 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 1.1.2017	Balance as at 31.12.2017	Balance as at 1.1.2017	Balance as at 31.12.2017
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 2018 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2017.

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 have 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.

No awards have been granted under the Share Plan since its inception and during the financial year.

DIRECTORS' STATEMENT

7. AUDIT COMMITTEE

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

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

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 external auditor 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.

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

Wong Chi Keong
Director

Singapore
29 March 2018

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 45 to 93, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017;
- 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 Financial Reporting Standards in Singapore ("FRSs") 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 2017, 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

<table>
<tr><th>Key Audit Matter</th><th>Audit Response</th></tr>
<tr><td colspan="2">1 Impairment assessment of plant and equipment</td></tr>
<tr><td>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 2017, the Group's plant and equipment amounts to $3,629,811 which accounts for 23% of the Group's total assets.

For the year ended 31 December 2017, some restaurant outlets incurred losses before income tax, which provide an indication that certain plant and equipment of the Group may be impaired.

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, margin and operating expense growth rates and the discount rate.

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.

Refer to Note 3 and Note 4 of the accompanying financial statements.</td><td>Our audit procedures included, amongst others, the following:

• Evaluated the Group's procedures for identifying indicators of impairment of its plant and equipment by assessing management's review of the financial performance of each restaurant outlet.

• Evaluated the reasonableness of management's estimation of the recoverable amounts of the CGUs by:

○ Assessing the sales, margin and operating expense growth rates against historical performance.

○ Comparing the discount rate applied to external market and industry benchmarks.

○ Performed sensitivity analysis to assess the extent of changes to the key assumptions (i.e. the sales growth rate, margin and the discount rate) that would cause the recoverable amount to be below the carrying amount of the plant and equipment.</td></tr>
</table>

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 FRSs, 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 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Non-current assets					
Plant and equipment	4	3,629,811	3,551,158	27,612	65,585
Investments in subsidiaries	5	–	–	1,731,738	1,600,002
Intangible assets	6	137,766	57,550	38,077	25,029
Other receivables	8	–	–	642,658	–
Total non-current assets		3,767,577	3,608,708	2,440,085	1,690,616
Current assets					
Inventories	7	313,382	183,751	–	–
Trade and other receivables	8	3,281,273	3,509,519	2,145,678	3,173,760
Current income tax recoverable		4,163	4,616	–	–
Cash and cash equivalents	9	8,127,824	7,622,368	5,341,200	4,202,551
Total current assets		11,726,642	11,320,254	7,486,878	7,376,311
Less:					
Current liabilities					
Trade and other payables	10	3,706,680	4,429,011	363,352	577,254
Provisions	11	968,981	1,042,275	40,000	40,000
Finance lease payable	12	5,193	4,872	–	–
Current income tax payable		232,873	118,052	38,912	16,000
Total current liabilities		4,913,727	5,594,210	442,264	633,254
Net current assets		6,812,915	5,726,044	7,044,614	6,743,057
Less:					
Non-current liabilities					
Finance lease payable	12	16,461	21,654	–	–
Deferred tax liabilities	13	257,800	240,000	12,000	12,000
Total non-current liabilities		274,261	261,654	12,000	12,000
Net assets		10,306,231	9,073,098	9,472,699	8,421,673
Equity					
Share capital	14	6,592,761	6,592,761	6,592,761	6,592,761
Treasury shares	15	(3,938,693)	(3,938,693)	(3,938,693)	(3,938,693)
Translation reserve	16	2,807	16,196	–	–
Retained earnings		7,649,356	6,402,834	6,818,631	5,767,605
Total equity		10,306,231	9,073,098	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 2017

	Note	Group 2017 $	Group 2016 $
Revenue	17	40,580,334	38,352,568
Other items of income			
Interest income from bank deposits		28,991	30,545
Other income	18	565,319	638,955
Items of expense			
Changes in inventories		129,631	(21,111)
Purchases and other consumables		(8,754,284)	(8,711,376)
Employee benefits expense	19	(14,388,424)	(13,546,690)
Depreciation and amortisation expenses		(1,558,824)	(1,602,780)
Impairment loss on plant and equipment		–	(83,025)
Other expenses		(14,433,966)	(13,990,017)
Finance costs	20	(20,086)	(6,208)
Profit before income tax	21	2,148,691	1,060,861
Income tax expense	22	(201,887)	(64,356)
Profit for the financial year attributable to owners of the Company		1,946,804	996,505
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operation		(13,389)	10,579
Other comprehensive income for the financial year, net of tax		(13,389)	10,579
Total comprehensive income for the financial year attributable to owners of the Company		1,933,415	1,007,084
Earnings per share attributable to owners of the Company (cents)			
Basic and diluted	23	0.70	0.35

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

		Equity attributable to owners of the Company				
	Note	Share capital $	Treasury shares $	Translation reserve $	Retained earnings $	Total equity $
Group						
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
Other comprehensive income for the financial year, net of tax						
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
Balance as at 1.1.2016		6,592,761	(3,328,278)	5,617	7,026,336	10,296,436
Profit for the financial year		–	–	–	996,505	996,505
Other comprehensive income for the financial year, net of tax						
Exchange difference on translating foreign operation		–	–	10,579	–	10,579
Total comprehensive income for the financial year		–	–	10,579	996,505	1,007,084
Distributions to owners						
Dividends	24	–	–	–	(1,620,007)	(1,620,007)
Purchase of treasury shares	15	–	(610,415)	–	–	(610,415)
		–	(610,415)	–	(1,620,007)	(2,230,422)
Balance as at 31.12.2016		6,592,761	(3,938,693)	16,196	6,402,834	9,073,098

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Note	Share capital $	Treasury shares $	Retained earnings $	Total equity $
Company					
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
Balance as at 1.1.2016		6,592,761	(3,328,278)	6,137,121	9,401,604
Profit for the financial year, representing total comprehensive income for the financial year		–	–	1,250,491	1,250,491
Distributions to owners					
Dividends	24	–	–	(1,620,007)	(1,620,007)
Purchase of treasury shares	15	–	(610,415)	–	(610,415)
		–	(610,415)	(1,620,007)	(2,230,422)
Balance as at 31.12.2016		6,592,761	(3,938,693)	5,767,605	8,421,673

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Note	Group 2017 $	Group 2016 $
Cash flows from operating activities			
Profit before income tax		2,148,691	1,060,861
Adjustments for:			
Amortisation of intangible assets		32,815	59,339
Amortisation of discount on provision		18,679	5,942
Reversal of provision for reinstatement costs not utilised		(39,002)	–
Depreciation of plant and equipment		1,526,009	1,543,441
Interest expense		1,407	266
Interest income from bank deposits		(28,991)	(30,545)
Impairment loss on plant and equipment		–	83,025
Loss on disposal of plant and equipment		16,395	3,556
Plant and equipment written off		56,414	83,625
Accrued unutilised annual leave		(15,375)	(7,403)
Unrealised foreign exchange loss		(14,802)	10,619
Operating cash flow before working capital changes		3,702,240	2,812,726
Working capital changes:			
Inventories		(129,631)	21,111
Trade and other receivables		228,246	781,157
Trade and other payables		(963,748)	(867,707)
Cash generated from operations		2,837,107	2,747,287
Income taxes paid		(68,743)	(97,904)
Interest received		28,991	30,545
Net cash from operating activities		2,797,355	2,679,928
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		12,000	3,000
Purchase of plant and equipment		(1,528,111)	(1,119,374)
Purchase of intangible assets		(69,227)	(28,611)
Net cash used in investing activities		(1,585,338)	(1,144,985)
Cash flows from financing activities			
Dividends paid		(700,282)	(1,620,007)
Interest paid		(1,407)	(266)
Purchase of treasury shares		–	(610,415)
Repayment of finance lease payable		(4,872)	(781)
Net cash used in financing activities		(706,561)	(2,231,469)
Net change in cash and cash equivalents		505,456	(696,526)
Cash and cash equivalents at the beginning of the financial year		7,622,368	8,318,894
Cash and cash equivalents at the end of the financial year	9	8,127,824	7,622,368

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 2017 were authorised for issue in accordance with a Directors' resolution dated 29 March 2018.

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

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

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

Full IFRS convergence

Singapore-incorporated companies listed on SGX-ST are required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The new framework is referred to as Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The Group will adopt the new framework on 1 January 2018 and will apply the equivalent to SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) to the transition. This will involve restating the comparatives for the financial year ended 31 December 2017 and the opening statements of financial position as at 1 January 2017 in accordance with the new framework.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Full IFRS convergence (Continued)

The Group has completed its assessment of the impact of transition and anticipates that the adoption of the new framework on 1 January 2018 (including the application of all the mandatory exceptions) will not have a material impact on the financial statements of the Group for the financial year ending 31 December 2018, and the impact from the adoption of SFRS(I) 9 and SFRS(I) 15 which is expected to be similar to the impact of FRS 109 and FRS 115 as disclosed below. The Group is currently finalising the transitional adjustments that are required or elected under SFRS(I) 1.

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

FRS and INT FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 28 (Amendments)	: Long-term Interests in Associates and Joint Ventures	1 January 2019
FRS 40 (Amendments)	: Transfers of Investment Property	1 January 2018
FRS 102 (Amendments)	: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 104 (Amendments)	: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
FRS 109	: Financial Instruments	1 January 2018
FRS 109 (Amendments)	: Prepayment Features with Negative Compensation	1 January 2019
FRS 110 and FRS 28 (Amendments)	: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 115	: Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	: Leases	1 January 2019
INT FRS 122	: Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123	: Uncertainty over Income Tax Treatments	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

As at the date of the authorisation of these financial statements, the Group has not adopted the following FRS and INT FRS that have been issued but not yet effective: (Continued)

		Effective date (annual periods beginning on or after)
Improvements to FRSs (December 2016)		
– FRS 28 (Amendments)	: Investments in Associates and Joint Ventures	1 January 2018
– FRS 101 (Amendments)	: First-time Adoption of Financial Reporting Standards	1 January 2018
Improvements to FRSs (March 2018)		
– FRS 103 (Amendments)	: Business Combinations	1 January 2019
– FRS 111 (Amendments)	: Joint Arrangements	1 January 2019
– FRS 12 (Amendments)	: Income Taxes	1 January 2019
– FRS 23 (Amendments)	: Borrowing Costs	1 January 2019

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 FRS and INT FRS in future periods, if applicable, will not have a material impact on the financial statements of the Group in the period of their initial adoption.

FRS 109 *Financial Instruments*

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

Classification and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

FRS 109 *Financial Instruments* (Continued)

Classification and measurement (Continued)

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

The Group and the Company have completed its assessment of the classification and measurement of its financial assets and liabilities, and these financial assets and liabilities will be continued to qualify as financial assets and liabilities measured at amortised cost upon adoption of the standard.

Impairment

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

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade receivables and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables due from third parties and subsidiaries, the Group and the Company will initially provide for 12 months expected losses under the three-stage model.

The Group and the Company are currently finalising the policies and procedures in determining how to estimate expected credit losses and the sources of forward-looking data, and evaluating the tax implications arising from the above change in impairment model.

Transition

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year. The Group will include additional financial statements disclosures in the financial year when FRS 109 is adopted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

FRS 115 *Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The Group has completed its preliminary assessment and does not anticipate there will be any significant impact on the timing and profile of the revenue recognition of the Group.

The Group plans to adopt the standard in the financial year beginning on 1 January 2018 using the full retrospective method in accordance with the transitional provisions and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 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.

On initial adoption of FRS 116, there may be a potentially significant impact on the accounting treatment for the Group's operating leases. The Group will be required to capitalise its rented premises on the statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. The Group is still assessing its operating lease arrangements in order to quantify the possible impact upon transition to the standard. 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 balance sheet as at 1 January 2019. The Group will include the required additional disclosures in its financial statements for that financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

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

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

2.3 Plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Plant and equipment (Continued)

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

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

2.4 Intangible assets

Trademarks

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

Computer software licenses

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

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

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Impairment of non-financial assets (Continued)

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.

2.6 Inventories

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

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

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

2.7 Financial assets

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

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.

<u>Loans and receivables</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

Recognition and derecognition

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

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

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

Impairment

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

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the 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

The Group classifies its financial liabilities as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables (excluding deferred government grant, GST 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial liabilities (Continued)

Other financial liabilities (Continued)

Finance lease payable

Finance lease payable 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.

Recognition and derecognition

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

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

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

2.9 Offsetting financial instruments

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

2.10 Equity instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Provisions

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

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

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

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

2.12 Cash and cash equivalents

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

2.13 Revenue recognition

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

Revenue from sale of food and beverage products

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

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

Any cash received in advance for sale of cash vouchers and product vouchers are deferred until actual delivery and acceptance. These are included in "deferred income" within trade and other payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Revenue recognition (Continued)

Royalty fee

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

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 on a periodic basis in accordance with the contractual agreement.

2.14 Employee benefits expense

Retirement benefit costs

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

2.15 Government grants

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 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.

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

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

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

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

2.17 Taxes

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

Current 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Taxes (Continued)

Deferred tax

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

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

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

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

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

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

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

Sales tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Foreign currency transactions and translation

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

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

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

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

2.19 Dividends

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

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

3.1 Critical judgements made in applying the accounting policies

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of 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 there was no impairment loss in the current financial year as compared to $83,025 in prior financial year. The carrying amount of the Group's and the Company's plant and equipment as at 31 December 2017 were $3,629,811 (2016: $3,551,158) and $27,612 (2016: $65,585) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Allowance for impairment of trade and other receivables

The management establishes allowance for impairment of receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables (excluding the prepayments and GST receivables) as at 31 December 2017 were $2,948,473 (2016: $3,199,371) and $2,742,084 (2016: $3,102,951) respectively.

(iii) Impairment of investments in subsidiaries

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

At the end of each financial year, an assessment is made on whether there is 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 2017 was $1,731,738 (2016: $1,600,002).

(iv) Provision for reinstatements 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 2017 were $968,981 (2016: $1,042,275) and $40,000 (2016: $40,000) respectively.

4. PLANT AND EQUIPMENT

	Air-conditioners $	Computers $	Electrical equipment $	Furniture and fittings $	Kitchen equipment $	Machinery $	Motor vehicles $	Office equipment $	Renovation $	Total $
Group										
Cost										
Balance as at 1.1.2017	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 31.12.2017	396,801	64,974	318,946	415,412	1,084,927	84,923	–	38,041	1,225,787	3,629,811

4. PLANT AND EQUIPMENT (Continued)

	Air-conditioners $	Computers $	Electrical equipment $	Furniture and fittings $	Kitchen equipment $	Machinery $	Motor vehicles $	Office equipment $	Renovation $	Total $
Group										
Cost										
Balance as at 1.1.2016	958,607	367,739	1,011,682	1,903,566	2,015,175	217,701	118,371	105,480	4,293,576	10,991,897
Additions	222,760	55,603	188,638	216,637	429,968	–	–	20,015	1,230,057	2,363,678
Disposal	–	–	–	–	–	–	(28,011)	–	–	(28,011)
Written off	(64,467)	(5,553)	(68,930)	(133,793)	(143,432)	(1,530)	–	(9,536)	(337,688)	(764,929)
Exchange differences	(913)	(292)	(790)	(1,873)	(2,768)	–	–	(70)	(8,340)	(15,046)
Balance as at 31.12.2016	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
Accumulated depreciation and impairment loss										
Balance as at 1.1.2016	657,374	333,904	656,588	1,290,086	1,255,539	89,492	76,697	59,250	3,668,153	8,087,083
Depreciation	130,807	27,194	139,119	256,675	277,758	21,757	18,453	16,381	655,297	1,543,441
Impairment loss	8,678	368	22,433	11,509	1,895	–	–	–	38,142	83,025
Disposal	–	–	–	–	–	–	(21,455)	–	–	(21,455)
Written off	(61,488)	(5,553)	(51,819)	(102,139)	(114,230)	(803)	–	(7,584)	(337,688)	(681,304)
Exchange differences	(897)	(286)	(727)	(1,541)	(2,533)	–	–	(43)	(8,332)	(14,359)
Balance as at 31.12.2016	734,474	355,627	765,594	1,454,590	1,418,429	110,446	73,695	68,004	4,015,572	8,996,431
Net carrying amount										
Balance as at 31.12.2016	381,513	61,870	365,006	529,947	880,514	105,725	16,665	47,885	1,162,033	3,551,158

4. PLANT AND EQUIPMENT (Continued)

	Air-conditioners $	Computers $	Electrical equipment $	Furniture and fittings $	Office equipment $	Renovation $	Total $
Company							
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 31.12.2017	–	2,803	943	4,475	19,391	–	27,612

4. PLANT AND EQUIPMENT (Continued)

	Air-conditioners $	Computers $	Electrical equipment $	Furniture and fittings $	Motor vehicles $	Office equipment $	Renovation $	Total $
Company								
Cost								
Balance as at 1.1.2016	68,600	240,950	77,903	166,064	28,011	62,196	94,938	738,662
Additions	–	2,158	–	–	–	14,950	–	17,108
Disposal	–	–	–	–	(28,011)	–	–	(28,011)
Written off	–	–	–	(1,920)	–	(8,565)	–	(10,485)
Balance as at 31.12.2016	68,600	243,108	77,903	164,144	–	68,581	94,938	717,274
Accumulated depreciation								
Balance as at 1.1.2016	51,450	224,939	54,367	120,338	19,667	41,197	94,938	606,896
Depreciation	11,433	11,298	12,986	27,521	1,788	9,922	–	74,948
Disposal	–	–	–	–	(21,455)	–	–	(21,455)
Written off	–	–	–	(1,601)	–	(7,099)	–	(8,700)
Balance as at 31.12.2016	62,883	236,237	67,353	146,258	–	44,020	94,938	651,689
Net carrying amount								
Balance as at 31.12.2016	5,717	6,871	10,550	17,886	–	24,561	–	65,585

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

4. PLANT AND EQUIPMENT (Continued)

As at 31 December 2017, the carrying amount of computers of the Group which were acquired under finance lease arrangement was $15,596 (2016: $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	
	2017 $	2016 $
Additions of plant and equipment	1,687,767	2,363,678
Provision for dismantlement, removal or restoration (Note 11)	(84,743)	(418,499)
Finance lease payable	–	(25,520)
Other payables	(74,913)	(800,285)
Net cash payments made	1,528,111	1,119,374

During the financial year, the Group carried out a review of the recoverable amount of its plant and equipment for restaurant outlets (CGUs) with indications of impairment. Following the review, there was no impairment loss in the current financial year. In the previous financial year, there were three restaurant outlets having plant and equipment that are not expected to generate sufficient cash flows in comparison to their carrying amounts and an impairment loss on plant and equipment of $83,025, representing the write-down of the excess of the carrying amount over the recoverable amount of the plant and equipment was recognised in the profit or loss. The recoverable amount of the relevant assets has been determined based on its value in use calculations using the following key assumptions:

	Group	
	2017 %	2016 %
Discount rate	5.04	4.46
Sales growth rate	2.4 to 21	10
Gross profit margin	49 to 78	68 to 76

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 $	2016 $
Unquoted equity shares, at cost	1,600,102	1,600,102
Deemed investment arising from discount on non-current receivables from subsidiaries (Note 8)	131,736	–
Allowance for impairment loss	(100)	(100)
	1,731,738	1,600,002

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 2017 %	Effective equity interests held 2016 %
Held by the Company				
POT LUCK F & B Singapore Pte. Ltd. (1)	Operation of restaurants	Singapore	100	100
Soup Restaurant Singapore Pte. Ltd. (1)	Operation of restaurants	Singapore	100	100
CAFE O Singapore Pte. Ltd. (1)	Operation of restaurants	Singapore	100	100
Soup Restaurant Investments Pte. Ltd. (1)	Investment holding company	Singapore	100	100
Samsui Holdings Pte. Ltd. (1)	Investment holding company	Singapore	100	100
Held by Samsui Holdings Pte. Ltd.				
Samsui Supplies & Services Pte. Ltd. (1)	Sourcing, supplying, processing and distributing of raw materials and food products and procurement services	Singapore	100	100
Sure Food Pte. Ltd. (1)	Food processing and distributing	Singapore	100	100
Held by Soup Restaurant Investments Pte. Ltd.				
SRG F & B Malaysia Sdn. Bhd. (2)	Operation of restaurants and food processing	Malaysia	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 2017

6. INTANGIBLE ASSETS

	Trademarks $	Computer software licenses $	Total $
Group			
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 31.12.2017	36,065	101,701	137,766
Cost			
Balance as at 1.1.2016	23,300	220,470	243,770
Additions	2,644	26,943	29,587
Balance as at 31.12.2016	25,944	247,413	273,357
Accumulated amortisation			
Balance as at 1.1.2016	5,348	151,120	156,468
Amortisation	4,350	54,989	59,339
Balance as at 31.12.2016	9,698	206,109	215,807
Net carrying amount			
Balance as at 31.12.2016	16,246	41,304	57,550

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

6. INTANGIBLE ASSETS (Continued)

	Trademarks $	Computer software licenses $	Total $
Company			
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 31.12.2017	36,065	2,012	38,077
Cost			
Balance as at 1.1.2016	23,300	195,571	218,871
Additions	2,644	–	2,644
Balance as at 31.12.2016	25,944	195,571	221,515
Accumulated amortisation			
Balance as at 1.1.2016	5,348	145,257	150,605
Amortisation	4,350	41,531	45,881
Balance as at 31.12.2016	9,698	186,788	196,486
Net carrying amount			
Balance as at 31.12.2016	16,246	8,783	25,029

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

	Group	
	2017 **$**	**2016** **$**
Additions of intangible assets	113,031	29,587
Other payables	(43,804)	(976)
Net cash payments made	69,227	28,611

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. INVENTORIES

	Group	
	2017 $	2016 $
Consumables	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	
	2017 $	2016 $
Changes in inventories	(129,631)	21,111
Purchases and other consumables	8,754,284	8,711,376

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Non-current asset:				
Other receivables				
– subsidiaries	–	–	642,658	–
Current asset:				
Trade receivables				
– third parties	744,117	434,704	–	–
– GST receivables	132,740	133,273	–	9,005
	876,857	567,977	–	9,005
Other receivables				
– third parties	111,796	92,042	89,664	78,167
– subsidiaries	–	–	1,937,464	3,010,870
Less: Allowance for impairment loss	–	–	–	(83,891)
	111,796	92,042	2,027,128	3,005,146
Government grant receivables	38,220	38,220	38,220	38,220
Rental and utilities deposits	2,054,340	2,634,405	34,078	59,585
Prepayments	200,060	176,875	46,252	61,804
	3,281,273	3,509,519	2,145,678	3,173,760
Trade and other receivables	3,281,273	3,509,519	2,788,336	3,173,760
Less:				
– prepayments	(200,060)	(176,875)	(46,252)	(61,804)
– GST receivables	(132,740)	(133,273)	–	(9,005)
Add:				
– cash and cash equivalents (Note 9)	8,127,824	7,622,368	5,341,200	4,202,551
Total loans and receivables	11,076,297	10,821,739	8,083,284	7,305,502

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

8. TRADE AND OTHER RECEIVABLES (Continued)

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

As at 31 December 2017, the Company re-assessed and restructured the repayment period of the amount due from certain subsidiaries. Accordingly, a substantial amount of the receivables was re-classified as non-current assets from current assets. The non-trade amounts due from these subsidiaries are unsecured, non-interest bearing, repayable within 5 years and are expected to be settled in cash. The management estimates the fair value of these non-current receivables 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 value are within Level 2 of the fair value hierarchy. The differences between the non-current receivables and the fair value was recorded as a deemed investment (Note 5). Subsequent to the initial recognition, the amount 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 (2016: 1 to 30) days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Company	
	2017 $	2016 $
Balance as at the beginning of the financial year	83,891	83,891
Written off	(83,891)	–
Balance as at the end of the financial year	–	83,891

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

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

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Singapore dollar	2,972,778	3,396,357	2,788,336	3,173,760
Malaysian ringgit	308,495	113,162	–	–
	3,281,273	3,509,519	2,788,336	3,173,760

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Fixed deposits with banks	3,132,754	3,104,164	3,132,754	3,104,164
Cash and bank balances	4,995,070	4,518,204	2,208,446	1,098,387
	8,127,824	7,622,368	5,341,200	4,202,551

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

9. CASH AND CASH EQUIVALENTS (Continued)

Fixed deposits are placed for tenure of 92 (2016: 92) days during the financial year and will mature within 25 (2016: 25) days from the end of the financial year. The effective interest rates on the fixed deposits are approximately 1.08% (2016: 0.97%) per annum.

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

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Singapore dollar	8,049,692	7,524,680	5,341,200	4,202,551
Malaysian ringgit	78,132	97,688	–	–
	8,127,824	7,622,368	5,341,200	4,202,551

10. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Trade payables				
– third parties	854,933	892,863	–	–
– GST payables	476,023	394,369	10,308	–
	1,330,956	1,287,232	10,308	–
Other payables				
– third parties	630,757	1,969,889	79,004	305,820
– a subsidiary	–	–	3,884	7,503
	630,757	1,969,889	82,888	313,323
Deferred government grants	11,114	11,114	11,114	11,114
Deferred income	30,800	123,120	–	–
Deposits received	–	23,795	–	–
Accrued operating expenses	1,498,714	794,147	250,445	234,992
Accrued unutilised annual leave	204,339	219,714	8,597	17,825
Trade and other payables	3,706,680	4,429,011	363,352	577,254
Less:				
– deferred government grants	(11,114)	(11,114)	(11,114)	(11,114)
– deferred income	(30,800)	(123,120)	–	–
– deposits received	–	(23,795)	–	–
– GST payables	(476,023)	(394,369)	(10,308)	–
Add:				
– finance lease payable (Note 12)	21,654	26,526	–	–
Total other financial liabilities at amortised cost	3,210,397	3,903,139	341,930	566,140

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

10. TRADE AND OTHER PAYABLES (Continued)

Trade payables are non-interest bearing and generally on 30 (2016: 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 Technology Innovation and Productivity Improvement in respect of computer software developed and CDG for Intellectual Property & Franchising in respect of a development project. The grant received is recognised in profit or loss in accordance to the useful life of the relevant asset acquired and the timing of expenses incurred.

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	
	2017 $	2016 $	2017 $	2016 $
Singapore dollar	3,608,165	4,376,592	363,352	577,254
Malaysian ringgit	98,515	52,419	–	–
	3,706,680	4,429,011	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	
	2017 $	2016 $	2017 $	2016 $
Balance as at the beginning of the financial year	1,042,275	698,432	40,000	40,000
Provision made during the financial year (Note 4)	84,743	418,499	–	–
Utilisation during the financial year	(138,075)	(79,863)	–	–
Reversal of provision not utilised	(39,002)	–	–	–
Amortisation of discount	18,679	5,942	–	–
Exchange difference	361	(735)	–	–
Balance as at the end of the financial year	968,981	1,042,275	40,000	40,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

12. FINANCE LEASE PAYABLE

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

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

	Minimum lease payments $	Future finance charges $	Present value of minimum lease payments $
Group			
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
2016			
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 (2016: 5) years. The effective interest rate was 5.63% (2016: 5.63%) per annum.

The Group's obligations under finance lease 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.

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 lease payable as at end of the reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

13. DEFERRED TAX LIABILITIES

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Balance as at the beginning of the financial year	240,000	280,170	12,000	20,000
Charged/(Credited) to profit or loss (Note 22)	17,800	(40,170)	–	(8,000)
Balance as at the end of the financial year	257,800	240,000	12,000	12,000

Recognised deferred tax liabilities are attributable to the following:

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Accelerated tax depreciation	294,330	274,167	11,000	15,030
Other temporary differences	(36,530)	(34,167)	1,000	(3,030)
	257,800	240,000	12,000	12,000

Unrecognised deferred tax assets

	Group	
	2017 $	2016 $
Balance as at the beginning of the financial year	53,418	52,590
Deferred tax assets not recognised during the financial year	7,145	828
Balance as at the end of the financial year	60,563	53,418

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

	Group	
	2017 $	2016 $
Unutilised capital allowances	34,252	28,103
Unutilised tax losses	26,311	25,315
	60,563	53,418

As at the end of the financial year, unutilised capital allowances of approximately $143,000 (2016: $117,000) and unutilised tax losses of approximately $110,000 (2016: $105,000) are available for set-off against future taxable profits subject to the agreement by 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

14. SHARE CAPITAL

	Group and Company	
	2017 $	2016 $
Issued and paid up		
298,500,000 ordinary shares as at the beginning and end of the financial year	6,592,761	6,592,761

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

15. TREASURY SHARES

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$	$
Balance as at the beginning of the financial year	18,387,100	15,368,200	3,938,693	3,328,278
Acquired during the financial year	–	3,018,900	–	610,415
Balance as at the end of the financial year	18,387,100	18,387,100	3,938,693	3,938,693

The Company acquired 3,018,900 of its own shares through purchases on the SGX - ST in previous financial year. The total amount paid to acquire the shares was $610,415 and this was presented as a component within shareholder's equity.

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.

17. REVENUE

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

18. OTHER INCOME

	Group	
	2017 $	2016 $
Government grants	267,954	494,208
Royalty fees	47,336	27,328
Sponsorship income	160,000	76,471
Sundry income	90,029	40,948
	565,319	638,955

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

19. EMPLOYEE BENEFITS EXPENSE

	Group	
	2017 $	2016 $
Salaries, bonuses and other benefits	13,422,088	12,553,221
Contributions to defined contribution plans	966,336	993,469
	14,388,424	13,546,690

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

20. FINANCE COSTS

	Group	
	2017 $	2016 $
Amortisation of discount on provision	18,679	5,942
Interest expense on finance lease payable	1,407	266
	20,086	6,208

21. PROFIT BEFORE INCOME TAX

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

	Group	
	2017 $	2016 $
Other expenses		
Audit fees		
– the auditor of the Company	104,200	102,000
– other auditor	6,751	6,800
Non-audit fees		
– the auditor of the Company	53,000	49,900
– other auditor	1,500	1,500
Cleaning services and materials	1,030,087	948,632
Consultancy fees	84,240	125,345
Credit card commission charges	434,846	386,197
Directors' fees	160,000	130,000
Operating lease expenses for premises		
– minimum lease payments	6,985,890	7,237,644
– contingent rents	1,701,809	1,017,103
Operating lease expenses for machineries	68,443	66,721
Plant and equipment written off	56,414	83,625
Repair and maintenance	358,545	482,579
Utilities	1,869,874	1,684,811

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

22. INCOME TAX EXPENSE

	Group	
	2017 $	2016 $
Current income tax		
– current financial year	211,235	150,663
– over provision in respect of prior financial years	(27,148)	(46,137)
	184,087	104,526
Deferred tax		
– current financial year	(3,200)	(47,347)
– under provision in respect of prior financial years	21,000	7,177
	17,800	(40,170)
Total income tax expense recognised in profit or loss	201,887	64,356

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable profit for the financial year. Taxation in Malaysia is calculated at 24% (2016: 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% (2016: 17%) to profit before income tax as a result of the following differences:

	Group	
	2017 $	2016 $
Profit before income tax	2,148,691	1,060,861
Income tax at Singapore statutory income tax rate	365,278	180,346
Effect of different tax rate in Malaysia	(6,748)	(7,276)
Tax effect of expenses non-deductible for income tax purposes	81,224	95,938
Tax effect of income not subject to income tax	(8,047)	(8,188)
Tax effect of Singapore's statutory stepped income exemption	(80,231)	(71,246)
Tax incentives	(150,449)	(92,559)
Deferred tax assets not recognised	7,145	828
Withholding tax	–	2,042
(Over)/under provision in respect of prior financial years		
– current income tax	(27,148)	(46,137)
– deferred tax	21,000	7,177
Others	(137)	3,431
Total income tax expense recognised in profit or loss	201,887	64,356

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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	
	2017	2016
Earnings ($)		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to the owners of the Company)	1,946,804	996,505
Number of shares		
Actual number/Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	280,112,900	281,920,075
Earnings per share (cents)		
Basic and diluted	0.70	0.35

The Group does not have any dilutive potential ordinary shares for the financial years ended 31 December 2017 and 31 December 2016.

24. DIVIDENDS

	Group and Company	
	2017 $	2016 $
Final tax-exempt dividend paid of 0.25 (2016: 0.325) Singapore cents per share in respect of the previous financial year	700,282	919,725
Special tax-exempt dividend paid of Nil (2016: 0.25) Singapore cents per share in respect of the financial year 2016	–	700,282
	700,282	1,620,007

The Directors of the Company recommend a final tax-exempt dividend of 0.50 Singapore cents per share amounting to $1,400,565 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 2017

25. OPERATING LEASE COMMITMENTS

The Group and the Company as the lessees

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Not later than one year	6,620,406	6,993,043	63,937	127,872
Later than one year and not later than five years	3,755,757	8,814,813	–	63,937
	10,376,163	15,807,856	63,937	191,809

The above leases expire in dates between 31 March 2018 to 15 July 2020 (2016: 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 (2016: 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	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Employee benefits paid to a close family member of a Director of the Company	182,157	156,592	182,157	156,592
Royalty fees charged to subsidiaries	–	–	1,071,312	988,402
Dividend received from subsidiaries	–	–	1,300,000	1,200,000
Management fees charged to subsidiaries	–	–	1,307,586	1,405,973

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Directors' fees	160,000	130,000	160,000	130,000
Short-term employee benefits	1,546,076	1,307,448	1,230,642	1,156,467
Post-employment benefits	104,804	73,359	58,538	51,404
	1,810,880	1,510,807	1,449,180	1,337,871

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Directors of the Company				
Directors' fees	160,000	130,000	160,000	130,000
Short-term employee benefits	850,800	946,467	850,800	946,467
Post-employment benefits	19,440	26,820	19,440	26,820
	1,030,240	1,103,287	1,030,240	1,103,287
Directors of the subsidiaries				
Short-term employee benefits	195,818	150,982	–	–
Post-employment benefits	29,523	21,955	–	–
	225,341	172,937	–	–
	1,255,581	1,276,224	1,030,240	1,103,287

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

27. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker as disclosed in Note 2.20 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. However, as the Malaysia subsidiary's results are considered insignificant in relation to the Group's results, no geographical segment information is presented in the current and previous financial years.

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

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

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.

27. SEGMENT INFORMATION (Continued)

Summarised segment information is as follows:

	Operation of restaurants		Food processing, distribution and procurement services		Others		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Total segment revenue	39,423,958	37,046,928	10,184,547	9,911,630	–	–	49,608,505	46,958,558
Inter-segment revenue	(11,579)	(4,915)	(9,016,592)	(8,601,075)	–	–	(9,028,171)	(8,605,990)
Revenue from external customers	39,412,379	37,042,013	1,167,955	1,310,555	–	–	40,580,334	38,352,568
Segment profit/(loss)	2,062,854	920,941	24,759	268,005	(169,800)	(222,986)	1,917,813	965,960
Depreciation and amortisation	1,367,978	1,431,293	190,846	171,487	–	–	1,558,824	1,602,780
Impairment loss on plant and equipment	–	83,025	–	–	–	–	–	83,025
Segment assets/total assets	11,843,706	12,269,577	3,503,029	2,522,998	147,484	136,387	15,494,219	14,928,962
Segment liabilities/total liabilities	3,664,913	4,323,041	1,267,995	1,105,764	255,080	427,059	5,187,988	5,855,864
Capital expenditure								
– on plant and equipment	676,646	2,329,387	1,011,121	34,291	–	–	1,687,767	2,363,678
– on intangible assets	107,055	28,636	5,976	951	–	–	113,031	29,587

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

27. SEGMENT INFORMATION (Continued)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss 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	
	2017 $	2016 $
Segment profit	1,917,813	965,960
Interest income	28,991	30,545
Profit for the financial year	1,946,804	996,505

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.

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.

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. FINANCIAL RISKS MANAGEMENT (Continued)

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 $2,580,122 (2016: $2,926,979) as at the end of the financial year.

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

Fixed deposits and cash and bank balances are placed with reputable financial institutions with high credit ratings assigned by international credit rating agencies.

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

The age analysis of the Group's third parties trade receivables as at the end of the financial year is as follows:

	Group	
	2017	**2016**
	$	**$**
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

Management believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired. They are substantially companies with good collection track record and no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

28. FINANCIAL RISKS MANAGEMENT (Continued)

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 sufficient level of cash to meet working capital requirements.

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

	Within one financial year $	After one financial year but within five financial years $	Total $
Group			
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
2016			
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
Company			
2017			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	341,930	–	341,930
2016			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	566,140	–	566,140

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

28. FINANCIAL RISKS MANAGEMENT (Continued)

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.

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 assets $	Gross amounts – financial liabilities $	Net amounts of financial assets $
Company			
As at 31 December 2017			
Amounts due from subsidiaries	2,647,865	(67,743)	2,580,122
As at 31 December 2016			
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 2017			
Amounts due to subsidiaries	5,315	(1,431)	3,884
As at 31 December 2016			
Amounts due to subsidiaries	7,503	–	7,503

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 $1,121,601 (2016: $902,401).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 and 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 2017 and 2016.

STATISTICS OF SHAREHOLDINGS

As at 21 March 2018

SHARE CAPITAL

Number of ordinary shares in issue (excluding treasury shares)	:	280,112,900
Number of treasury shares held	:	18,387,100
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)	:	6.56%

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	4	0.19	69	0.00
100 – 1,000	65	3.02	55,600	0.02
1,001 – 10,000	1,609	74.91	6,573,793	2.35
10,001 – 1,000,000	450	20.95	33,405,385	11.92
1,000,001 and above	20	0.93	240,078,053	85.71
Total	**2,148**	**100.00**	**280,112,900**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Name	Number of Shares	%
1	Mok Yip Peng	66,008,400	23.56
2	Wong Chi Keong	49,077,300	17.52
3	Wong Wei Teck	37,491,900	13.38
4	DB Nominees (Singapore) Pte Ltd	27,993,450	9.99
5	KGI Securities (Singapore) Pte. Ltd.	21,850,700	7.80
6	DBS Nominees (Private) Limited	6,257,103	2.23
7	Raffles Nominees (Pte) Limited	5,052,600	1.80
8	Lee In Chun	4,710,300	1.68
9	Thng Cheo Yan	4,000,000	1.43
10	Ho Thiam Kiat	2,111,000	0.75
11	Huang Xiangmiao	2,000,000	0.71
12	United Overseas Bank Nominees (Private) Limited	1,956,000	0.70
13	Citibank Nominees Singapore Pte Ltd	1,780,800	0.64
14	Sim Kwang Wei Eugene	1,673,000	0.60
15	DBS Vickers Securities (Singapore) Pte Ltd	1,611,600	0.58
16	Chua Guat Hee	1,589,500	0.57
17	OCBC Nominees Singapore Private Limited	1,444,400	0.52
18	Lek Seck Tin	1,300,000	0.46
19	Wong Yi	1,160,000	0.41
20	UOB Kay Hian Private Limited	1,010,000	0.36
Total		**240,078,053**	**85.69**

STATISTICS OF SHAREHOLDINGS

As at 21 March 2018

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of Shares**	**% (4)**	**Number of Shares**	**% (4)**
Mok Yip Peng	66,008,400	23.56	–	–
Wong Chi Keong	49,077,300	17.52	–	–
Wong Wei Teck (1)	37,491,900	13.38	4,000,000	1.43
Then Khek Koon (2)	–	–	28,945,000	10.33
Goh Khoon Lim (3)	–	–	21,848,700	7.80

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 (Sinagpore) 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 280,112,900 shares (excluding treasury shares) as at 21 March 2018.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company, approximately 25.6% of the Company's shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public as at 21 March 2018. 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, 27 April 2018 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 2017 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a final (tax exempt one-tier) dividend of 0.50 cent per ordinary share for the financial year ended 31 December 2017 (2016: 0.25 cent per ordinary share). **(Resolution 2)**

3. To approve the payment of Directors' fees of $160,000 for the financial year ended 31 December 2017 (2016: $130,000). **(Resolution 3)**

4. To re-elect the following Directors of the Company retiring pursuant to Regulation 107 of the Company's Constitution:

   Mr Wong Chi Keong **(Resolution 4)**
   Mr Saw Meng Tee *[See Explanatory Note (i)]* **(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**

   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

   (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,

NOTICE OF ANNUAL GENERAL MEETING

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)] **(Resolution 7)**

7. **Renewal of Share Purchase Mandate**

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)] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

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

BY ORDER OF THE BOARD

Chong In Bee
Company Secretary

12 April 2018
Singapore

Explanatory Notes:

(i) Mr Saw Meng Tee will, upon re-election as a Director, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees of the Company. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information on Mr Saw Meng Tee can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2017.

(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 2017 are set out in greater detail in the Appendix 1 attached.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(i) (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 more than one proxy, 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 needs 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.

(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.

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 28 April 2017, the Company had not bought back any issued ordinary shares in the capital of the Company (the "**Shares**") by way of market or off-market acquisitions.

(B) Renewal of the Share Purchase Mandate

The Ordinary Resolution No. 8 passed at the forthcoming annual general meeting to be held on 27 April 2018 ("**Annual General Meeting**"), will renew the Share Purchase Mandate approved by the shareholders of the Company from the date of the Annual General Meeting 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 earlier.

(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.

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.

APPENDIX 1

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 2018 (the "**Latest Practicable Date**"), approximately 71,641,600 Shares (25.6%) of a total of 280,112,900 Shares issued by the Company (excluding 18,387,100 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 Share 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**").

   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

APPENDIX 1

(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 280,112,900 Shares (excluding 18,387,100 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 Annual General Meeting, 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 a maximum of 28,011,290 Shares as at the date of the Annual General Meeting. 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 2017;

(b) in full exercise of the Share Purchase Mandate, 28,011,290 Shares were purchased;

(c) in the case of Market Purchase, the maximum price for the market purchases is $0.189 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 $5,294,134; and

(d) in the case of Off-Market Purchase, the maximum price for the market purchases is $0.216 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 $6,050,439.

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(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 2017				
Share Capital	6,593	6,593	6,593	6,593
Reserves	7,652	7,652	6,819	6,819
Equity excluding treasury shares	14,245	14,245	13,412	13,412
Treasury shares	3,939	9,233	3,939	9,233
Total equity including treasury shares	10,306	5,012	9,473	4,179
Net tangible assets [(1)]	10,168	4,874	9,435	4,140
Current Assets	11,727	6,433	7,487	2,193
Current Liabilities	4,914	4,914	442	442
Cash and cash equivalents	8,128	2,834	5,341	47
Net Profit attributable to owners of parent	1,947	1,947	1,751	1,751
Total number of issued Shares ('000) [(2)]	280,113	252,102	280,113	252,102
Financial Ratios				
Net tangible assets per Share (cents)	3.63	1.93	3.37	1.64
Earnings per Share (cents) [(3)]	0.70	0.77	0.63	0.69
Current ratio (times) [(4)]	2.38	1.31	16.93	4.96

APPENDIX 1

Off-Market Purchase

	Group before Shares purchase ($'000)	Group after Shares purchase ($'000)	Company before Shares purchase ($'000)	Company after Shares purchase ($'000)
As at 31 December 2017				
Share Capital	6,593	6,593	6,593	6,593
Reserves	7,652	7,652	6,819	6,819
Equity excluding treasury shares	14,245	14,245	13,412	13,412
Treasury shares	3,939	9,989	3,939	9,989
Total equity including treasury shares	10,306	4,256	9,473	3,423
Net tangible assets (1)	10,168	4,118	9,435	3,385
Current Assets	11,727	5,677	7,487	1,437
Current Liabilities	4,914	4,914	442	442
Cash and cash equivalents	8,128	2,078	5,341	(709)
Net Profit attributable to owners of parent	1,947	1,947	1,751	1,751
Total number of issued Shares ('000) (2)	280,113	252,102	280,113	252,102
Financial Ratios				
Net tangible assets per Share (cents)	3.63	1.63	3.37	1.34
Earnings per Share (cents) (3)	0.70	0.77	0.63	0.69
Current ratio (times) (4)	2.38	1.16	16.93	3.25

Notes:

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

(2) Total number of issued Shares excludes 18,387,100 Shares that are held as treasury shares as at the Latest Practicable Date.

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

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

APPENDIX 1

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

Market Purchase

	Group before Shares purchase ($'000)	Group after Shares purchase ($'000)	Company before Shares purchase ($'000)	Company after Shares purchase ($'000)
As at 31 December 2017				
Share Capital	6,593	6,593	6,593	6,593
Reserves	7,652	2,358	6,819	1,525
Equity excluding treasury shares	14,245	8,951	13,412	8,118
Treasury shares	3,939	3,939	3,939	3,939
Total equity including treasury shares	10,306	5,012	9,473	4,179
Net tangible assets (1)	10,168	4,874	9,435	4,141
Current Assets	11,727	6,433	7,487	2,193
Current Liabilities	4,914	4,914	442	442
Cash and cash equivalents	8,128	2,834	5,341	47
Net Profit attributable to owners of parent	1,947	1,947	1,751	1,751
Total number of issued Shares ('000)	280,113	252,102	280,113	252,102
Financial Ratios				
Net tangible assets per Share (cents)	3.63	1.93	3.37	1.64
Earnings per Share (cents) (2)	0.70	0.77	0.63	0.69
Current ratio (times) (3)	2.38	1.31	16.93	4.96

APPENDIX 1

Off-Market Purchase

	Group before Shares purchase ($'000)	Group after Shares purchase ($'000)	Company before Shares purchase ($'000)	Company after Shares purchase ($'000)
As at 31 December 2017				
Share Capital	6,593	6,593	6,593	6,593
Reserves	7,652	1,602	6,819	769
Equity excluding treasury shares	14,245	8,195	13,412	7,362
Treasury shares	3,939	3,939	3,939	3,939
Total equity including treasury shares	10,306	4,256	9,473	3,423
Net tangible assets (1)	10,168	4,118	9,435	3,385
Current Assets	11,727	5,677	7,487	1,437
Current Liabilities	4,914	4,914	442	442
Cash and cash equivalents	8,128	2,078	5,341	(709)
Net Profit attributable to owners of parent	1,947	1,947	1,751	1,751
Total number of issued Shares ('000)	280,113	252,102	280,113	252,102
Financial Ratios				
Net tangible assets per Share (cents)	3.63	1.63	3.37	1.34
Earnings per Share (cents) (2)	0.70	0.77	0.63	0.69
Current ratio (times) (3)	2.38	1.16	16.93	3.25

Notes:

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

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

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

5. Shareholders should note that the financial effects set out above are based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2017 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2017 may not be representative of future performance.

APPENDIX 1

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.

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

   (b) he and persons acting in concert with him already hold 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 substantial shareholders' and Directors' interests are as follows:

	Before Purchase						After Purchase	
	Direct Interest		Deemed Interest		Total Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Wong Chi Keong	49,077,300	17.52	–	–	49,077,300	17.52	49,077,300	19.47
Wong Wei Teck (1)	37,491,900	13.38	4,000,000	1.43	41,491,900	14.81	41,491,900	16.46
Then Khek Koon (2)	–	–	28,945,000	10.33	28,945,000	10.33	28,945,000	11.48
Professor Cham Tao Soon (3)	300,000	0.11	200,000	0.07	500,000	0.18	500,000	0.20
Chua Koh Ming	300,000	0.11	–	–	300,000	0.11	300,000	0.12
Saw Meng Tee	300,000	0.11	–	–	300,000	0.11	300,000	0.12
Holders of 5% or more								
Mok Yip Peng	66,008,400	23.56	–	–	66,008,400	23.56	66,008,400	26.18
Goh Khoon Lim (4)	–	–	21,848,700	7.80	21,848,700	7.80	21,848,700	8.67

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 Khek 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.

(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.

APPENDIX 1

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

(F) Miscellaneous

1. Any 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 and amendments made to the SGX-ST Listing Manual since the last version of Appendix 1. All information required under the Act relating to the Share Purchase Mandate is contained in the said Guidelines.

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

APPENDIX 1

(G) Directors' Responsibility Statement

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given 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) 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.

(K) 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 2017.

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).

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

ANNEXURE A

4. Trading Restrictions

The number of Shares which can be purchased pursuant to the Share Purchase Mandate is such number of Shares which represents up to a maximum of ten per cent. (10%) of the issued ordinary shares in the capital of the Company (excluding treasury shares 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.

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;

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

(vii) whether the Share purchased by the Company will be cancelled or kept as treasury shares.

ANNEXURE A

(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.

ANNEXURE A

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.

SOUP RESTAURANT GROUP LIMITED
(Registration Number 199103597Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. 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.
2. 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	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholding	
		Number 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, 27 April 2018 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 2017 together with the Independent Auditor's Report thereon		
2.	To declare a final dividend of 0.50 cent per ordinary share for the financial year ended 31 December 2017		
3.	To approve the payment of Directors' fees of $160,000 for the financial year ended 31 December 2017		
4.	To re-elect Mr Wong Chi Keong as a Director of the Company		
5.	To re-elect Mr Saw Meng Tee 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 ____________________ 2018

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 more than one proxy, 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 needs 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 12 April 2018.

#【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.

红头巾

Samsui Lady
Chinatown Singapore

Soup Restaurant Group Limited

150 Kampong Ampat

#04-01 KA Centre

Singapore 368324

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