



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Soup Restaurant Group Limited

Stock code: 5KI

Meeting details:

Date: 29 April 2020

Time: 9.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. In the Operating & financial review (page 13 of the annual report), management stated that revenue for restaurant operations was affected by a change in customers' dining behaviour as online delivery sales increased and dine-in sales dropped.

With the 57% increase in online sales in FY19, it is estimated that approximately 10% of the group's revenue is derived from online sales. In addition, the group also incurred increases in sales commission of \$0.4 million associated with online delivery services and higher credit card commissions.

Dining-in at the F&B outlets have been suspended recently as a precautionary measure to reduce the spread of COVID-19.

- (i) **In view of all these challenges, how does the group ensure that its value propositions of heritage dining experience/ambience and authentic dishes still remain relevant to consumers?**
- (ii) **How is the group innovating in terms of menu offerings, food preparation, packaging, online sales strategy, restaurant format and size of outlets so that the group's growth and profitability could be sustained in a crowded marketplace?**

Q2. The group was honoured with the prestigious accolade of "Social Enterprise of the Year 2019" conferred by the President's Office in recognition of the contributions to the community (page 4). The group also received the SkillsFuture Employer Award (SMEs) 2019 from President Halimah Yacob in July 2019 in recognition of the group as an exemplary organisation which champions employees' skills development and strives to build a lifelong learning culture at the workplace.

The group's subsidiary, Samsui Supplies & Services Pte Ltd ("Samsui"), was started in 2013 to drive the group's CSR initiatives.

In the financial year, the group has two operating central kitchens under Samsui. Revenue from the food processing, distribution and procurement services segment (which includes the supply of ready meals, corporate sales and Samsui range of sauces) increased by \$0.5 million to \$2.72 million while the segment registered a segment profit of \$15,995 in FY2019 (2018: \$127,847).

- (i) **Can the company help shareholders understand how it balances the need for economic returns and its involvement in the community?**
- (ii) **In particular, can management clarify if the CSR initiatives/social enterprises are managed on a "for-profit" basis?**

Q3. In the Corporate governance report, it was disclosed that the audit committee (“AC”) has undertaken a review of all non-audit services provided by BDO LLP, the external auditor. The AC is of the opinion that the provision of such services does not affect the independence of the external auditor.

The audit fees and non-audit fees paid to the auditor of the company for the past 6 years is shown below:

	Non-audit fees (\$)	Audit fees (\$)	
FY2019	58,000	109,200	53%
FY2018	63,400	106,200	60%
FY2017	53,000	104,200	51%
FY2016	49,900	102,000	49%
FY2015	35,900	114,200	31%
FY2014	35,900	110,300	33%

(Source: company annual reports)

- (i) **Would the company clarify on the nature and the reasons for the recurring non-audit services provided by the external auditors?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer’s website, through “live” webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US



^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)