



Soup Holdings Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 199103597Z)

RESPONSE TO QUERIES FROM SHAREHOLDERS AND SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE ANNUAL REPORT

The Board of Directors (the “**Board**” or “**Directors**”) of Soup Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries raised by the shareholders of the Company and the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Group’s Annual Report for the financial year ended 31 December 2022 (“**FY2022**”) and appends the replies as follows:

(I) RESPONSE TO QUERIES FROM SHAREHOLDERS

Question 1

I note that the Company does not segment the results by its various brands. Why is it so? It would be very helpful to allow shareholders to understand more about your business if you could segment the results by brands in your annual report next year. Could you please provide more colour on the performance of its various brands, namely HERITAGE vs TEAHOUSE vs CAFE O vs POT LUCK? Are all the different brands (HERITAGE, TEAHOUSE, CAFE O, POT LUCK) all profitable? Which brands are profitable? Which brands are unprofitable? Which brand has the highest profit margins? Which brand has the lowest profit margins? Which brand does the company see the most potential? Which brand faces the most headwinds? Which brand faces the most competition? Which brand is the company most pessimistic about? Which brand is the company most optimistic about? Please explain and elaborate.

Company’s response

HERITAGE and TEAHOUSE are sub-brands which its menu includes classic Soup Restaurant dishes. The sub-brands share the same resources with normal Soup Restaurant, thus there is no segregation of results.

The Group currently has two CAFE O outlets and one POT LUCK outlet, which contributed approximately 7% of revenue to the total Group’s revenue in FY2022. The Group plans to expand CAFE O with more outlets while assessing the viability of POT LUCK.

The Group will consider segregating the results by brands when the results are material on a Group Level.

Question 2

From page 27 and page 28 of the annual report, how does one interpret the tables? Why are all the tables indicated as for year 2022? Why do both tables in page 27 have the same header? Why do both tables in page 28 have the same header? Is there a mistake? Please explain and elaborate on how shareholders should interpret the tables shown in page 27 and page 28 of the annual report.

Company’s response

Please refer to the Company’s announcement entitled “Corrigendum to The Sustainability Report for the Financial Year Ended 31 December 2022” which was published on SGXnet on 21 April 2023.

(II) RESPONSE TO QUERIES FROM SIAS

Question 3

As noted in the Chairman's Statement, there is optimism about the outlook of the food & beverage business in Singapore although challenges remain.

As part of its strategy for recovery and expansion, the Group intends to move upstream in order to secure supplies, invest in central support for increased efficiency, and explore the development of new, streamlined business concepts. These efforts, coupled with new establishments, will allow the Group to diversify into the retail market, offering products that reflect their values and beliefs both domestically and internationally.

- (i) To what extent has management conducted commercial due diligence—including market research, market positioning and innovation, risk assessment and mitigation, resource allocation, change management, and organisational readiness—when deciding to diversify upstream and into the retail market?**
- (ii) Would the proposed diversification substantially change the risk profile of the Group?**
- (iii) Can management share its thinking on the products that it will introduce in the retail market?**
- (iv) Would the Group be funding these initiatives with internal resources?**

Company's response

- (i) The expansion strategies are leveraging on our strength and core through brand and product diversification. These were developed to address the challenges currently faced by the food & beverage industry. Overseas development in the retail section is preliminary and is motivated with the support of Enterprise Singapore along with feedbacks and queries from overseas distributors. Market insights were gathered from various Japan counterparts which includes the Ministry of Trade and Industry team from Singapore Embassy in Japan.

In our effort to diversify upstream, we are still in the preliminary stage of searching for right partners and products mainly for our manufacturing and own use.

- (ii) The proposed diversification would not substantially change the risk profile of the Group as it is more to an expansion to related food business.
- (iii) We are looking at selling products which carry Singapore Quality brand. Since 2021 our products are officially branded by the authorities to be a "Made with Passion" Singapore product.
- (iv) These initiatives are mainly funded through operating funds and tapping on available government grants.

Question 4

Would the Board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Manpower: Are the Group's operations fully restored to the pre-COVID levels or better, with no bottlenecks in the central kitchen and the restaurant outlets?**
- (ii) **Supply: How diversified are the Group's suppliers, especially for key ingredients such as poultry and ginger? Was the decline in revenue of \$0.4 million from the food processing, distribution, and procurement services segment mainly due to the shortage of ginger?**
- (iii) **Product quality and safety: Can management elaborate further on the incident of non-compliance with regulations (FY2022: two incidents) that resulted in a warning issued by the Singapore Food Agency in FY2022? How effective have the corrective measures been and have the same issues recurred?**
- (iv) **Mobile app: Does the Group have a mobile app?** A well-designed app can help to enhance customer experience, increase engagement and improve customer data collection which can be turned into a competitive advantage for the Group.

Company's response

- (i) The Group's operations are restored to the pre-COVID level. Although manageable, manpower remains tough and challenging within the industry.
- (ii) Due to global climate change and political challenges, importing of certain raw materials to meet our quality standards, including ginger was affected in the past year resulting in decline in revenue from the food processing, distribution, and procurement services segment. While addressing the challenges, we uncovered opportunities to go upstream to source for alternative sources within Southeast Asia.
- (iii) There was only one incident as reported in FY2022.

Pest control issue was highlighted by Singapore Food Agency ("SFA") in one of their random checks. Corrective measures were implemented immediately, and no reoccurrence were reported since. Throughout the process, we were in close discussion with Singapore Food Agency ("SFA") to resolve the incident.

- (iv) Currently, the Group does not have any mobile app for consumers. We maintain strong customer loyalty through good customer service and personal engagement by a strong service ambassador team. We are working on a customer relationship management system which will collect and analyse customer preference on various platforms through artificial intelligence.

Question 5

As noted in the Corporate Governance Report, Professor Cham Tao Soon and Mr Chua Koh Ming have served on the board for more than nine years from the date of their first appointment. They will continue to be deemed independent until the conclusion of the AGM of the Company held for the financial year ending 31 December 2023.

In January 2023, when announcing the new rules on the tenure of independent directors, Mr Tan Boon Gin, CEO of SGX RegCo, noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

- (i) **Has the nominating committee (NC) reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**
- (ii) **What is the progress made in identifying and appointing new directors? Can the NC provide shareholders with greater detail the search and nomination process?**
- (iii) **Has the NC established the selection criteria for appointing the board chairman?**

Company's response

- (i) The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of skills, expertise and experience to enable the management to benefit from a diverse perspective in reviewing the issues that are brought before the Board and make decisions in the best interests of the Company. Having considered the scope and nature of the operations of the Group, the NC is satisfied that the current composition of the Board provides sufficient diversity without interfering with efficient decision-making. The Board members reflect a wide range of background having been drawn from different industries with diverse skills and core competencies in accounting and finance, management, industry knowledge, strategic planning and customer-based experience and knowledge. The NC will seek suitable gender diversity as and when opportunity arises. All Board appointments will always be made based on merit.
- (ii) The NC is actively searching and identifying suitable candidates for nomination as new independent directors of the Company. For any search of new Directors, the NC would usually consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions to source for a suitable candidate. The NC would meet and interview the candidates to assess their suitability before making a recommendation to the Board. In recommending new Directors to the Board, the NC takes into consideration the integrity, diversity of competencies, expertise, industry experience and financial literacy required to support the Group's business activities or strategies, the current composition and size of the Board.
- (iii) The Chairman of the Board shall be an independent director of the Company and has good knowledge of the business and operations of the Group with the ability to run an effective board and manage relationships with both shareholders and stakeholders.

BY ORDER OF THE BOARD

Chong In Bee
Company Secretary
21 April 2023