



Katrina
GROUP LTD.

**TOWARDS
TRANSFORMATIVE
GROWTH**

**ANNUAL REPORT
2022**

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Our strong foundation has equipped us with the fortitude and ability to tide through any crisis.

This annual report has been prepared by Katrina Group Ltd. (the “Company” and together with its subsidiaries, the “Group”) and its contents have been reviewed by the Company’s Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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CORPORATE PROFILE

OUR VISION

To set new trends for the F&B and hospitality industry, helming a variety of exciting brands that offer innovative, authentic & unique experiences.

OUR MISSION

To consistently enhance, innovate, inspire and deliver outstanding F&B and hospitality experiences of exceptional value exceeding expectations.

Katrina Group develops, owns, and operates a chain of F&B brands and hospitality properties, namely as follows:

F&B – Bali Thai, Hongguo, So Pho, Streets, Tomo Izakaya

Each brand serves authentic cuisines of different ethnicity, including Indonesian, Thai, Hong Kong, Yunnan, Japanese and Vietnamese cuisine. Every restaurant is accompanied with customized and specially curated décor to provide patrons with an unique gastronomic dining experience.

Amongst our five proprietary F&B brands, Bali Thai, So Pho, and Streets, are Halal certified in Singapore.

ST Hospitality – ST Signature, ST Residences

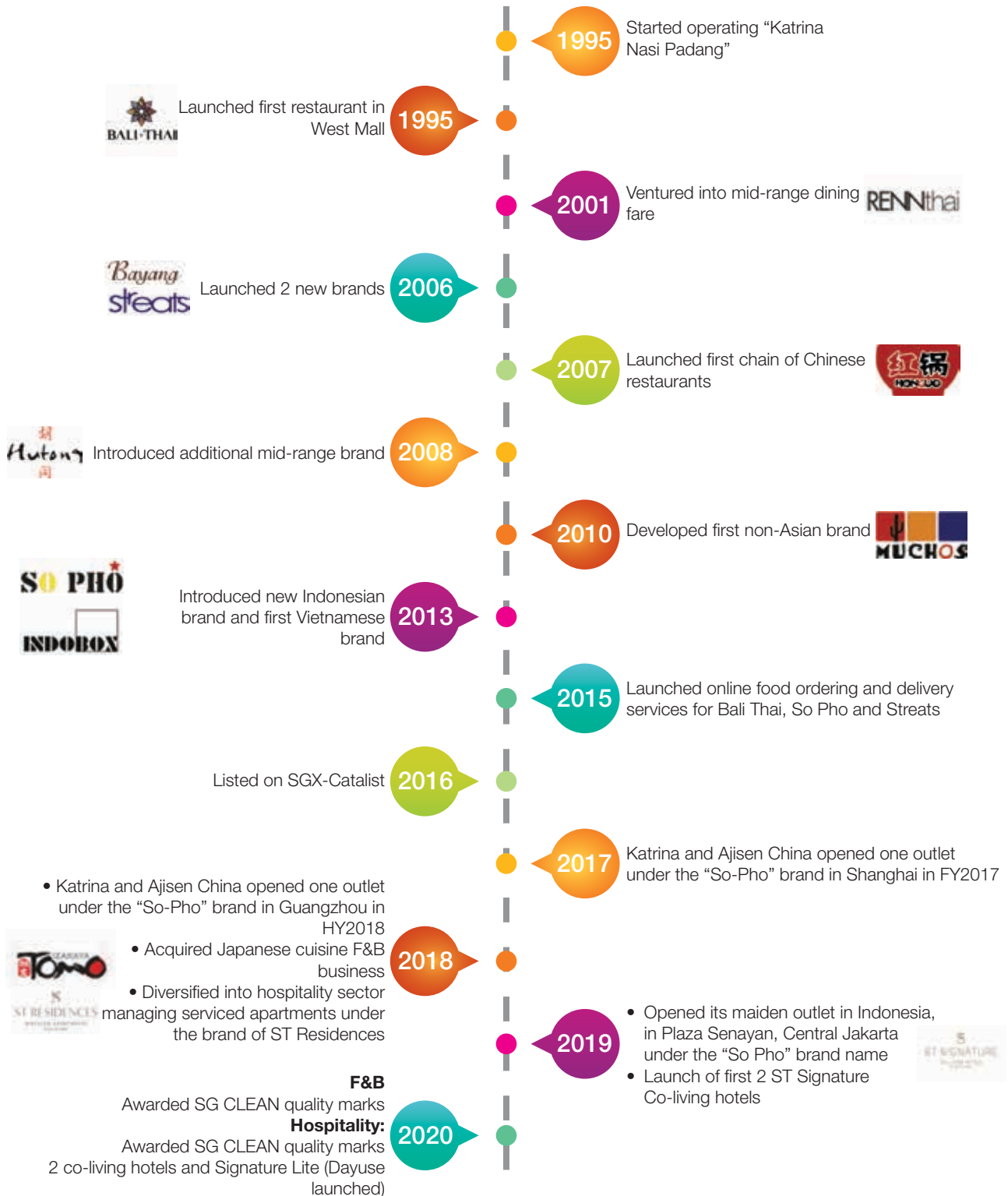
The group offers an innovative hospitality solution, featuring intelligently designed private and communal spaces. With co-living options, we create a holistic approach to the concept of living large.

We currently have 4 co-living hotels located in Singapore, at Tanjong Pagar, Chinatown, Jalan Besar and Bugis Beach.

ST Residences provides a one-stop solution to fully furnished serviced apartments island-wide, providing fuss-free accommodation options with contract flexibility and competitive rates. Choose your ideal apartment from ST Residences Balestier, ST Residences Novena and many others located in various accessible parts of Singapore.



CORPORATE MILESTONES



F&B BUSINESS

The Group specializes in multi-cuisine concepts and restaurant operations under 5 different F&B brands, namely, Bali Thai, So Pho, Streets, Honguo and Tomo Izakaya.

The Group prides itself on the identification of consumer trends and creating concepts that meet the demand of a wide spectrum of patrons from different market segments.



F&B BUSINESS

CASUAL DINING BRANDS



Indonesian &
Thai Cuisine

Website: www.balithai.com.sg/
Order: order.balithai.com.sg/

Bali Thai is the first restaurant brand that we conceived. The concept was designed to house perennial favourites of both Indonesian and Thai cuisines under one roof. Bali Thai restaurants are furnished in a casual, modern feel to offer a cosy ambience to our patrons.



Streats

Website: www.streats.com.sg/
Order: order.streats.com.sg/

Our Streats cafes serve contemporary Hong Kong cuisine. The layouts of our Streats cafes resemble that of a "Cha Chan Teng", which is casual and uncomplicated, creating an air of vibrancy for customers of all ages.



F&B BUSINESS

CASUAL DINING BRANDS



Yunnan Chinese
Cuisine

Website: www.hongguo.com.sg/
Order: order.hongguo.com.sg/

Hongguo means red pot in Chinese and the restaurant serves specialties from Yunnan. All our Hongguo restaurants are decorated with paintings and posters of interesting features in Yunnan to complement the authentic Yunnan cuisine, together forming the full Yunnan experience.



Vietnamese
cuisine

Website: www.sopho.com.sg/
Order: order.sopho.com.sg/

So Pho offers authentic Vietnamese street food in a casual and contemporary setting at reasonable prices. Our So Pho cafes are decorated in simplicity, expressed with furnishings in neutral colours.



F&B BUSINESS

MID-RANGE DINING BRANDS



Japanese cuisine

Tomo Izakaya restaurant captures the essence of the traditional izakaya with its chic, minimalist Zenlike decor while injecting youthful fun in its overall vibe. In Japanese, 'tomo' means 'friend' and izakaya means 'to stay in a sake shop'. Hence, the focus of Tomo Izakaya is for friends and families to have a relaxing meal of fine Japanese food and drinks while entertained by jazz music.

Website: www.tomoizakaya.com.sg/

Order: order.tomoizakaya.com.sg/



HOSPITALITY BUSINESS

The Group offers fully-furnished residences under the ST Residences brand as well as affordable luxury co-living hotels under the ST Signature brand. Collectively, we seek to be a trusted hospitality management company that provides a comfortable and enjoyable stay experience with top-notch customer service in prime locations for corporate expatriates, leisure travellers as well as locals.



ST RESIDENCES

HOSPITALITY BUSINESS



Established in September 2017, ST Residences is a hospitality brand that styles chic fully furnished apartments without the serviced apartment mark-up, providing a one-stop solution to furnished serviced apartments island-wide.

ST Residences is committed to provide simple, accessible and comfortable options for those seeking serviced apartments in Singapore, regardless for short term stays and/or long-term residence. We cater to everyone, ranging from individuals to expatriates and big to small corporations. We provide quality accommodation with contract flexibility and competitive rates so the stay can remain as fuss-free as possible.

ST RESIDENCES NOVENA

All units are fully furnished, equipped with kitchen and laundry appliances, crockery and utensils, and complete with a swimming pool, gymnasium, lobby and rooftop terrace. Housekeeping is also available once a week.

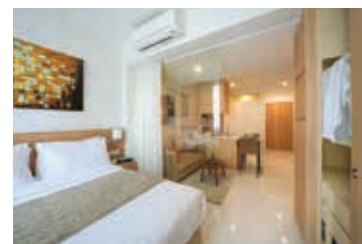
Located at 145A Moulmein Road, the property is not only located in the prime area and heart of Singapore, but also strategically located near several major hospitals in Singapore, Mount Elizabeth Novena, Mount Elizabeth Orchard, Gleneagles Hospital, Mount Alvernia Hospital, KK Women's and Children's Hospital, Tan Tock Seng Hospital, and Thomson Medical Centre, making the property an ideal choice for medical tourists, etc...



ST RESIDENCES BALESTIER

Strategically located on city fringe, ST Residences Balestier is nestled between Novena and Whampoa. Surrounded by lifestyle commodities and services aplenty, the property is walking distance to Whampoa Food Centre, groceries and public transportation. Only 15-20 minutes' drive to the Central Business District (CBD) and town, the accessibility to Singapore's major expressways makes getting around Singapore a breeze.

All 3 room types – Studio, Executive Studio and 1-Bedroom Serviced Apartment, feature the necessary comforts of a home. Fully furnished with a comfortable bed and kitchenette, and well equipped with necessities such as basic appliances, refrigerator, microwave, kitchenware, tableware, TV and washer/dryer, etc...



OTHER SERVICED APARTMENTS ACROSS SINGAPORE

Across various prime locations and hot properties in Singapore, there are a plethora of serviced apartment units listed for rent. Whether it is for short-term rental, or longer-term stays, the variety of serviced apartments provide the luxury to choose a home that suit your lifestyle during their stay here.

Unlike hotels, serviced apartments are dynamically priced depending on the length of your stay, providing fuss-free affordability.



HOSPITALITY BUSINESS



Born with the will to challenge conventions and invent a new class of experience, ST Signature focuses on the love large attitude, which goes beyond typical decadence, featuring intelligently designed private and communal spaces. Currently with 4 co-living hotels comprising 242 rooms in the heart of Singapore, ST Signature offers affordable premium co-living hotels equipped with integrated technology driven smart solutions, targeted at millennials, digital nomads, and business travellers looking for both long or short term stays.

ST Signature Lite is also launched to offer flexible hours stay and day use options to cater to various shorter stay needs, offering a conducive and cozy environment for home away from home. Guests who book in their preferred hour blocks, for a well-deserved rest, enjoy increased productivity for working out of office, etc...

ST SIGNATURE CHINATOWN

ST Signature Chinatown (SG Clean) is located right in the heart of the bustling and cultural Chinatown neighbourhood. Amidst the vibrant cultural & heritage rich scenes and unique boutiques, there resides our elegantly decked 40 rooms co-living space, intelligently designed to provide a restful stay and one-of-a-kind accommodation experience.

This hotel features an eclectic mix of communal spaces for the different needs our guests have, with our standard communal spaces such as the cook lab, and various pockets of lounge areas and working spaces. Uniquely found only at Chinatown is the 2nd floor patio, 4th floor hangout lawn, as well as a vertical al fresco that stretches from the 2nd floor to the 4th floor.

Literally a few minutes' walk from our hotel, you can find the famous Buddha Tooth Relic Temple and Museum, Sri Mariamman Temple, Chinatown Food Street, Chinatown Street Market, Thian Hock Keng Temple, as well the Telok Ayer and Amoy Street areas which are packed with a plethora of F&B establishments and lifestyle services. An ideal place to feast on local delicacies, purchase meaningful souvenirs and experience Singapore authentically.



ST SIGNATURE TANJONG PAGAR

ST Signature Tanjong Pagar (SG Clean) is located right in the Central Business District (CBD), perfect for a good mix of business and leisure. Set against Singapore's iconic tall concrete jungle backdrop, our hotel is housed in a beautiful conserved island shophouse, featuring food and beverages options on the ground floor and at our charming rooftop bar with mesmerizing sunset view. Floor to ceiling glass rooftop studio showcases ad-hoc events, yoga lessons and other workshops. The space is open for event bookings by block of 4 hours. Taking in the cityscape, this is the recommended place to hold your mini function.

ST Signature Tanjong Pagar features various communal spots for urban travellers to experience a luxurious co-living space. Besides the pockets of meeting/working spaces, a communal cook lab is a good place to test your culinary skills and have your complimentary coffee boost. Guests get to pick their favourite spots around our property to make the most out of their stay.

ST Signature Tanjong Pagar is right smack in the middle of the F&B and night life action in the area. Our hotel is conveniently located just 5-10 minutes' walk away from Tanjong Pagar and Outram MRT stations, which is pretty much city center and connected to many tourists' attractions.



HOSPITALITY BUSINESS

ST SIGNATURE JALAN BESAR

ST Signature Jalan Besar (SG Clean) is nestled amid the vibrant culture, traditional aesthetics and the myriad of artistic activities in Little India. It is located right next to Jalan Besar MRT station and a 10-15 minutes' walk from Rochor and Little India MRT stations. You can find the landmark of Sri Veeramakaliamman Temple embellished with colourful statues of Hindu deities in Little India, with graffiti art across a few streets.

Jalan Besar is a cozy, cultural-rich, convenient and hip area with quirky cafes serving specialty coffee and inventive modern cuisine. City Square Mall, Sim Lim Square and Mustafa center are a stone's throw away. Major hospitals like Raffles Hospital, KK Women's and Children's hospital are less than 10 minutes' drive.

The property features a variety of room types allowing singles, couples, family and friends to choose from. It boasts a communal kitchen called Cook Lab with daily free premium 100% Arabica coffee, a conducive co-working space on level 3, outdoor hangout spaces on level 2, a meeting and laundry area at level 1. Being a co-living hotel, there is a perfect blend of private and communal social spaces. There are also plenty of dining options within walking distance around the hotel. Complimentary Wi-Fi is available throughout your stay with workstation in your private cabin.



ST SIGNATURE BUGIS BEACH

ST Signature Bugis Beach (SG Clean) is located in Singapore's city center and is less than 10 minutes' walk away from Bugis, City Hall and Esplanade MRT Stations. You can find Marina Bay Sands, Kampong Glam, Bugis Village, National Library, religious places of worship and other cultural attractions nearby. Key office buildings and major shopping malls like DUO Tower, Bugis Junction, Suntec City, Millenia Tower, are within walking distance. It is the best place to be for shopaholics, foodies and those seeking for nightlife.

The hotel boasts double and family cabins, complete with ensuite bathrooms, equipped with a communal kitchen called Cook Lab with daily free premium 100% Arabica coffee and a communal area at the Hall. Being a co-living hotel, enjoy the perfect blend of private spaces with pockets of communal and social spaces. Complimentary Wi-Fi is available throughout your stay, the ideal choice for business travellers, international tourists, and even locals for an affordable premium staycation.



CHAIRMAN & CEO'S STATEMENT



“ We will continue to explore and seize opportunities for sustainable growth. ”

CHAIRMAN & CEO'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to share our results for the financial year ended 31 December 2022 ("FY2022").

As a result of the COVID-19, the last three years had been very challenging for the Food and Beverage ("**F&B**") and Hospitality segments. Both segments finally witnessed an uptick in their economic activities with the COVID-19 restrictions largely out of the way following the reopening of borders from 1 April 2022, as well as the lifting of the COVID-19 restriction for dine-in sales with effect from 26 April 2022. In 2022, international visitor arrivals reached 6.3 million and tourism receipts, which indicate expenditure incurred by visitors, are estimated to be \$14.0 billion¹.

Just as our F&B segment started to see improvements with the lifting of the COVID-19 restrictions, new challenges such as manpower shortages, supply disruptions, and mounting operating costs for salaries, food cost, utilities and borrowing costs are abound. These challenges are beyond our control, but we will continue to explore and seize opportunities for sustainable growth.

In FY2022, we continued our efforts to consolidate and re-direct our resources and business where they could have more impact. In aggregate, we closed off 3 underperforming F&B outlets in Singapore as well as our 2 outlets in China, held through our joint venture entity. On a positive note, in August 2022, we have launched a new property, ST Residences Balestier, comprising 20 fully serviced condominium rental units.

We also continue our digital transformation journey, as we embark on the creation of our Customer Relationship Management ("CRM") tool for our F&B outlets. This is to enhance and personalise the customer journey. I am pleased to note that this new tool will be progressively rolled out to our outlets in 2023.

On a separate note, the Group is assisting in an URA Investigation on possible breaches of the minimum stay requirement in respect of the provision of short-term accommodation provided by ST Hospitality Pte. Ltd. and/or its subsidiaries, the progress of which has been updated in our announcements dated 22, 25 and 29 June 2022 published on the website of Singapore Exchange Ltd. To date, the URA Investigation is still ongoing. We will make further announcement(s) as and when there are material developments.

YEAR IN REVIEW

In FY2022, the Group delivered a much better set of performance largely due to the relaxation of COVID-19 measures in Singapore. At the consolidated Group level, we booked revenue of \$64.5 million for FY2022, an increase of \$10.7 million or 19.8% from \$53.8 million in FY2021. After accounting for the cost of sales and expenses of \$63.4 million, which was mitigated by the reduction in other income and other gains of \$2.4 million, we booked net profit of \$3.5 million for FY2022. This compares well with net losses of \$0.2 million recorded in the prior year.

The Group is aware that the independent auditors, Messrs Ernst & Young LLP, has highlighted the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The Group is of the view that it is appropriate to prepare its financial statements on a going concern basis as it has the ability to generate sufficient cash flows from its operations to pay its liabilities. In addition, in FY2022, a new emphasis of matter relating to the uncertainty related to the outcome of the on-going investigation by the URA has been highlighted.

To note, the Group's net cash flows generated from operating activities in FY2022 was \$21.3 million while cash and cash equivalents at 31 December 2022 was \$4.2 million.

The Board has noted the improvement in the Group's performance over the financial year in review and that the Group would continue to implement various strategic measures to manage costs and preserve cash liquidity.

It has no doubt been a trying year for the Group but we have managed to ride through the long-standing COVID-19 storm with added resolve and flexibility.

OUTLOOK

For our F&B business segment, we will continue to make conscious and constant efforts to anticipate, adjust and adapt to the ever-changing consumer needs by rejuvenating our current brands and seeking new franchise opportunities. In addition, we will continue with our efforts in exploring new technology solutions that could improve our efficiency. We will be opening a new So Pho outlet at the new Woodleigh Mall, as well as launch a new Mexican brand, Sanchos, by converting one of our outlets at Clarke Quay.

¹ <https://www.straitstimes.com/singapore/consumer/s-pore-s-2023-visitor-arrivals-to-double-to-12-14m-full-tourism-recovery-expected-by-2024-stb>

CHAIRMAN & CEO'S STATEMENT

As for our Hospitality business, we are encouraged by the bullish forecast from the Singapore Tourism Board, who predicted that international visitor arrivals to Singapore are expected to hit 12 million to 14 million in 2023, with full tourism recovery expected by 2024¹. We believe that this will have a positive effect on our business, with possibly higher occupancy and revenue going forward, both for our hotels and service apartments. We are currently preparing for the opening of another ST Signature hotel in 2023.

We strongly believe that the strong foundation that we have built over the years has equipped us with the fortitude and ability to tide through any crisis. We will continue to cautiously look for expansion opportunities. We will also explore options for capital raising to add further ballast to our operations and boost our growth aspirations.

ACKNOWLEDGMENT

At this juncture, I would like to take the opportunity to thank Mr Tan Juay Hiang for his invaluable contributions over the years. Furthermore, I would like to thank our Directors for their advice, and management and staff for all their hard work.

To all our business partners, we would like to express our appreciation for your support and trust in us. And to our customers, your unwavering loyalty has been the key motivation for us to push on.

Lastly, to our shareholders, thank you for believing and standing by us. We are committed to continue on with the same promise of good food and good service, as always.

ALAN GOH KENG CHIAN

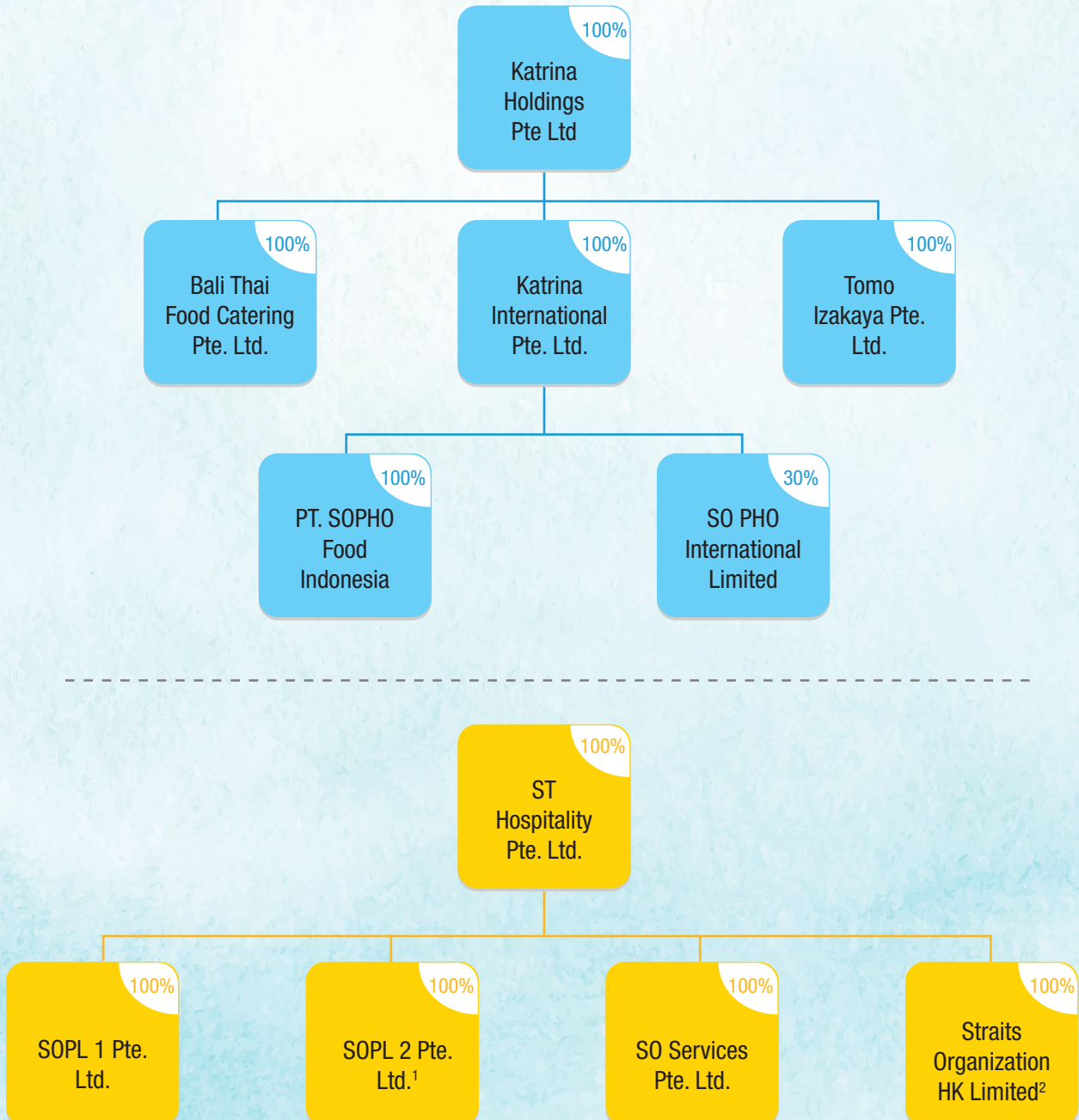
EXECUTIVE CHAIRMAN AND CEO



GROUP STRUCTURE

Katrina

GROUP LTD.



Note:

The Group has registered 3 sole proprietorships, namely ST Residences², ST Signature and ST Real Estate. These are registered to reserve the name and are currently dormant.

¹ Struck off on 9 March 2023

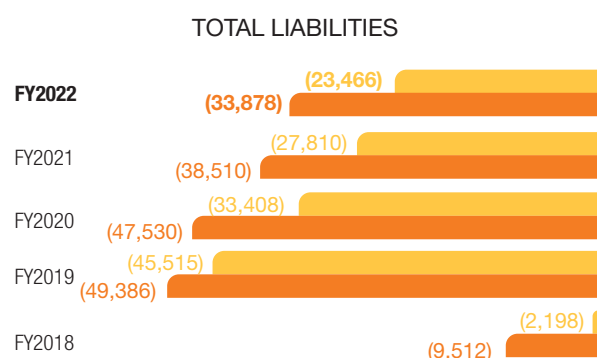
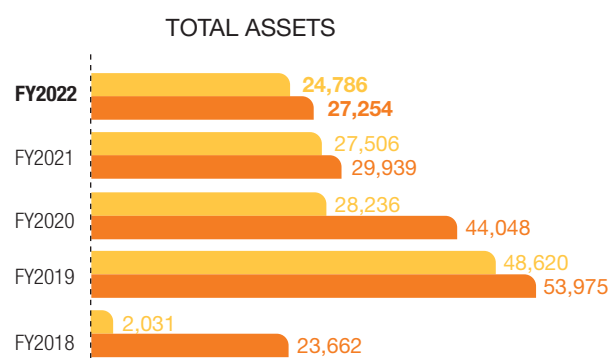
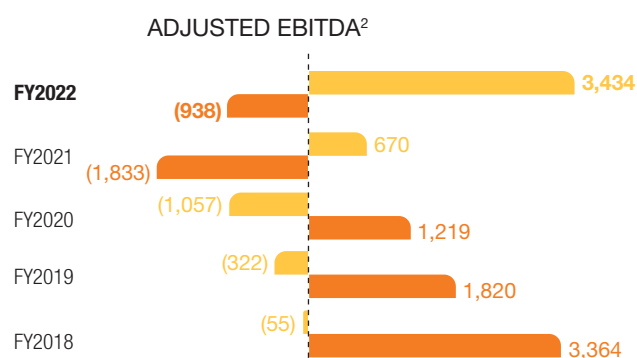
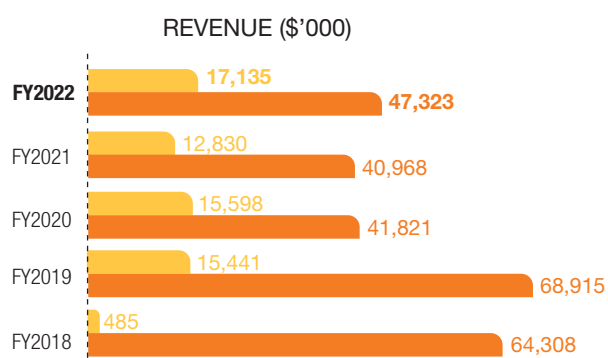
² Cancellation/Striking off in progress

FINANCIAL HIGHLIGHTS

Income Statement (\$'000)	FY2022		FY2021		FY2020		FY2019		FY2018	
	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality
Revenue	47,323	17,135	40,968	12,830	41,821	15,598	68,915	15,441	64,308	485
EBITDA ¹	11,420	10,402	9,968	11,871	14,379	3,172	16,400	8,912	3,364	(55)
Adjusted EBITDA ²	(938)	3,434	(1,833)	670	1,219	(1,057)	1,820	(322)	3,364	(55)
Financial Position (\$'000)	FY2022		FY2021		FY2020		FY2019		FY2018	
	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality
Total Assets	27,254	24,786	29,939	27,506	44,048	28,236	53,975	48,620	23,662	2,031
Total Liabilities	(33,878)	(23,466)	(38,510)	(27,810)	(47,530)	(33,408)	(49,386)	(45,515)	(9,512)	(2,198)
Cash and Cash Balances	3,647	1,843	5,573	1,627	8,958	1,680	4,512	1,202	6,037	501
Basic and diluted earnings per ordinary shares (cents)	(0.13)	1.62	(1.94)	1.85	(2.29)	(4.77)	(1.72)	(1.01)	0.21	(0.02)

¹ EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation.

² Adjusted EBITDA: EBITDA less lease payments and impairment losses.



FINANCIAL REVIEW

OVERVIEW

For management reporting purposes, the Group is organised into business segments based on its services, and has two reportable operating segments as follows:

i. "Food and Beverage (**"F&B"**) business" – specialises in multi-cuisine concepts and restaurant operations.

The Group has 30 restaurants (31 December 2021: 34) and nil cloud kitchen (31 December 2021: 1) in Singapore and 1 restaurant (31 December 2021: 1) in Indonesia under 7 different F&B brands (31 December 2021: 8).

ii. "Hospitality business" – offers fully furnished corporate serviced apartments under the brand of ST Residences; affordable luxurious co-living hotel under ST Signature and provides one-stop domestic household cleaning services under SO Services Pte. Ltd..

The Group had approximately 67 units of service apartment (31 December 2021: 71), 1 block of service apartments (31 December 2021: 2) and 4 co-living hotels (31 December 2021: 4).

REVIEW OF FINANCIAL PERFORMANCE

The Group's revenue for the period ended 31 December 2022 was \$64.4 million, an increase of \$10.6 million or 19.8% as compared to \$53.8 million for the period ended 31 December 2021 ("FY2021").

Revenue for the Group F&B increased by \$6.3 million or 15.5% from \$41.0 million in FY2021 to \$47.3 million in FY2022 and increased to \$12.4 million for the 3 months ended 31 December 2022. This is mainly attributed to the increase in number of dine-in customers for the period under review, as well as the lifting of the Covid-19 restriction for dine-in sales with effect from 26 April 2022.

Revenue for Group Hospitality increased by \$4.3 million or 33.6% from \$12.8 million in FY2021 to \$17.1 million in FY2022 and increased by \$5.3 million for the 3 months ended 31 December 2022. The increase was due to:

- the Vaccinated Travel Lane ("VTL") which started in the last quarter of FY2021;
- the reopening of borders from 1 April 2022;
- the start of operations for ST Residences Balestier, a 20 units property in August 2022; and
- the resumption of events such as the Formula One race that started on 30 September 2022.

Cost of sales mainly comprises food and beverages cost, payroll cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, rental expense of premises and utilities expenses for both restaurants' outlets and residential apartments/co-living premises and other restaurant support costs.

The Group's cost of sales decreased by \$1.3 million or 2.3% from \$53.8 million in FY2021 to \$52.5 million in FY2022.

Cost of sales for Group F&B decreased by \$1.7 million or 4.0% from \$43.1 million in FY2021 to \$41.4 million in FY2022 largely attributable to the decrease in depreciation for right-of-use assets of \$2.2 million, largely due to the impairment charge recognized in FY2021, as well as the decrease in payroll expenses and online sales commission of \$0.5 million and \$0.4 million respectively. Depreciation for property, plant and equipment has also decreased by \$0.4 million during the year due to the increase in assets being fully depreciated. This is offset by the increase in:

- food and operating costs of \$0.9 million, which is in line with the increase in revenue;
- rental expenses as a result of SFRS(I) 16 by \$0.6 million as there were more lease modifications as compared to the previous period under review;
- utilities cost of \$0.3 million, which is in line with the increase in utilities prices; and
- repair and maintenance cost of \$0.2 million.

Although there had been salary increments made during the year, payroll expenses have decreased due to the reduction in the number of outlets.

Cost of sales for Group Hospitality increased by \$0.4 million or 3.7% from \$10.7 million in FY2021 to \$11.1 million in FY2022. The increase was largely due to the increase in staff cost of \$0.3 million due to salary increment, increase in operating cost such as utilities, cleaning, commission and other operating cost of \$1.0 million and increase in depreciation of property, plant and equipment of \$0.4 million due to write-back of impairment in FY2021, offset by the decrease in depreciation for right of use assets of \$1.1 million and rental expenses of \$0.1 million.

The Group recorded an increase in gross profit of \$11.9 million from approximately \$42,000 in FY2021 to \$11.9 million for FY2022. Group F&B reported a gross profit of \$5.9 million and Group Hospitality reported a gross profit of \$6.0 million for FY2022.

FINANCIAL REVIEW

Other income mainly relates to the government grants, which include Jobs Support Scheme, Wage Credit Scheme, cash grants as well as the rental rebates under the Rental Relief Framework legislated by the government under the Covid-19 (Temporary Measures) Act 2020.

Other income decreased by \$8.1 million or 79.9% from \$10.2 million in FY2021 to \$2.1 million in FY2022.

The decrease is largely attributable to:

- (a) decrease in rental rebate of \$5.5 million;
- (b) decrease in government grants of \$3.1 million; offset by
- (c) increase in gain on early termination of leases of \$0.2 million; and
- (d) increase in income relating to cancellation of bookings and write back of expired vouchers issued of \$0.2 million.

Rental rebates have decreased due to the lower rental rebates received by landlords/government during the period under review. Government grants have decreased due to the decrease in grants received under the Jobs Support Scheme of \$2.4 million as the government gradually stopped the grant. Income from Jobs Growth Incentive have also decreased by \$0.2 million as the rate for payout decreased. Gain on early termination and modification of leases increased during the period under review as there was an increase in number of leases that were modified/terminated that resulted in gains being recorded.

The selling and distribution costs increased slightly by \$0.2 million or 12.6% from \$1.6 million in FY2021 to \$1.8 million in FY2022.

The increase from FY2021 to FY2022 was largely due to the increase in electronic payment charges of \$0.3 million, which was in line with the increase in revenue, offset by the decrease in marketing, advertising and promotion cost of \$0.1 million as the Group cut down on the cost incurred as the business sentiments recover.

Administrative expenses increased by \$0.9 million or 16.0% from \$5.4 million in FY2021 to \$6.3 million in FY2022.

The increase was due to increase in payroll expenses of \$0.7 million as the pay for the management team has been reinstated since January 2022, as well as there was a change in the remuneration packages, and increase in professional fee of \$0.3 million mostly relating to legal fees incurred/provided.

Finance costs decreased by \$0.5 million or 15.2% from \$3.3 million in FY2021 to \$2.8 million in FY2022. The decrease was mainly related to the decrease in lease interest expense of \$0.4 million.

In FY2021, the Group recognised other expenses of \$0.2 million mainly relating to the impairment loss on right-of-use assets, net of \$2.2 million and write-off of property, plant and equipment of \$0.5 million, offset by the write back of impairment loss on property, plant and equipment, net of \$2.6 million. In FY2022, the Group recognised other gains of \$0.4 million mainly relating to the write back of impairment loss on property, plant and equipment, net and right-of-use assets, net of \$0.7 million and \$0.1 million respectively, offset by write-off of property, plant and equipment of \$0.4 million.

As a result of the aforementioned, the Group reported a net profit after tax of \$3.5 million in FY2022 vis-à-vis a net loss after tax of \$0.2 million in FY2021.

Group F&B reported a net loss after tax of \$0.3 million and Group Hospitality reported a net profit after tax of \$3.8 million.

REVIEW OF FINANCIAL POSITION

The Group's non-current assets decreased by \$2.2 million or 4.9% from \$44.8 million as at 31 December 2021 to \$42.6 million as at 31 December 2022.

This was mainly due to:

- (a) a decrease in right-of-use assets of \$0.5 million largely due to the additions of \$1.8 million, write back of impairment loss of \$0.1 million and lease modification of \$11.2 million, offset by the depreciation and early termination of leases of \$13.3 million and \$0.3 million respectively;
- (b) a decrease in property, plant and equipment of \$1.4 million largely as a result of the write-off of property, plant and equipment of \$0.4 million and depreciation of \$2.1 million, mitigated by the acquisition of property, plant and equipment of \$0.4 million and write-back of impairment loss of \$0.7 million; and
- (c) a decrease in refundable deposits (non-current) of \$0.3 million due to the reclassification to refundable deposits (current).

The Group's current assets decreased by \$3.2 million or 25.2% from \$12.7 million as at 31 December 2021 to \$9.5 million as at 31 December 2022.

FINANCIAL REVIEW

This was largely due to (a) a decrease in cash and cash equivalents of \$1.7 million; (b) a decrease in refundable deposits (current) of \$0.6 million; (c) a decrease in other receivables of \$0.6 million largely due to the recovery of security deposit receivable from the various landlords during the year; and (d) a decrease in trade receivables of \$0.3 million due to tighter credit control.

Total current and non-current, refundable deposits decreased by \$0.9 million. This was mainly due to the reclassification of \$0.9 million of refundable deposits to cash and cash equivalents as these related to closed outlets or discontinued units, which the deposits were refunded by the landlords.

The Group's current liabilities decreased by \$2.2 million or 6.9% from \$31.6 million as at 31 December 2021 to \$29.4 million as at 31 December 2022.

The decrease was mainly due to (a) a decrease in trade and other payables of \$1.9 million; (b) a decrease in loans and borrowings (current) of \$0.5 million; offset by (c) an increase in lease liabilities (current) of \$0.1 million and (d) an increase in contract liabilities of \$0.3 million.

Trade and other payables have decreased as the Group has been paying down on its outstanding payables.

Contract liabilities primarily relate to the Group's obligation to transfer goods and services to customers for which the Group has received advances from customers, primarily for the hospitality segment. This has increased as the Group has received more advances from customers during the period ended 31 December 2022.

The Group's non-current liabilities decreased by \$6.8 million or 19.6% from \$34.7 million as at 31 December 2021 to \$27.9 million as at 31 December 2022.

This is due to (a) the decrease in loans and borrowings (non-current) of \$3.2 million; and (b) the decrease in lease liabilities (non-current) of \$3.5 million.

Total current and non-current loans and borrowings have been decreased by \$3.7 million from \$10.3 million as at 31 December 2021 to \$6.6 million as at 31 December 2022. This is in line with the repayment of \$3.7 million as presented in the statement of cash flows.

Total current and non-current lease liabilities had decreased slightly by \$3.5 million, largely due to the lease payments made of \$18.5 million and early termination of leases of \$0.3 million, offset by the addition of new lease liabilities of \$1.8 million, accretion of interest of \$2.6 million and lease modification of \$11.0 million during the period under review.

The Group's shareholders' equity increased by \$3.6 million or 40.2% from negative \$8.9 million as at 31 December 2021 to negative \$5.3 million as at 31 December 2022. The negative shareholders' equity decrease resulted from the net profits generated during the period.

As at 31 December 2022, the Group was in a negative working capital position of \$20.0 million (31 December 2021: \$19.0 million). The management had prepared cash flow forecasts which was derived from the financial budget to assess whether the Group can meet its debt obligations as and when they fall due.

The Group would continue to implement various strategic measures to contain cost and preserve cash liquidity. In addition, the controlling shareholder has indicated through a letter of undertaking to financially support the Group as and when required, for 15 months from 24 February 2023.

REVIEW OF CASH FLOWS

The Group's net cash generated from operating activities in FY2022 was \$21.3 million. This was mainly due to operating cash flows before changes in working capital of \$21.1 million. There is a cash outflow from amounts due to a director as a repayment of \$0.1 million has been made in the 3 months period ended 31 December 2022. Other movements for the items in changes in working capital have been addressed in the Review of Financial Position section.

Net cash used in investing activities amounted to \$0.6 million mainly arising from purchase of plant and equipment for F&B segment of \$0.4 million, and cash paid for restoration cost of approximately \$0.2 million.

Net cash used in financing activities of \$23.2 million was mainly due to the principal payment of lease payments of \$18.5 million, repayment of loan and borrowings and interest of \$3.9 million and cash restricted in use (earmarked for repayment of bank loans) of \$0.8 million.

The cash and cash equivalents for the year decreased by \$2.5 million compared to 31 December 2021.

BOARD OF DIRECTORS



ALAN GOH KENG CHIAN

Founder, Executive Chairman and CEO

MR ALAN GOH KENG CHIAN is the Founder, Executive Chairman and CEO of the Group. He heads the formulation of the Group's strategic directions and expansion plans in Singapore and overseas markets and manages the Group's overall business development. He is also responsible for implementing goals and objectives of the Group, identifying new business opportunities and sourcing for new strategic locations within Singapore and overseas.

Mr Goh obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in 1979 and a Diploma in Marketing Management from Ngee Ann Polytechnic in 1987. Thereafter, Mr Goh attained his Master of Business Administration (General Business Administration) from University of Hull in 1991. He is an active member of the International Sea Keepers Society and currently serving as their Treasurer.



**MADALINE CATHERINE
TAN KIM WAH**

Co-founder and Executive Director

MS MADALINE CATHERINE TAN KIM WAH is the Co-founder and Executive Director of the Group. She is responsible for the formulation and introduction of the Group's new concept ideas and menus for new and existing brands. She assists the Executive Chairman and CEO in managing the Group's overall business development and operations and is actively involved in formulating strategies to improve the processes in the Group's restaurants and cafes.

Ms Tan has more than 20 years of experience in food and beverage, and restaurant operations.



LAM KWONG FAI

Lead Independent Director

MR LAM KWONG FAI is the Lead Independent Director of the Group and chairs the Audit Committee. He has been an Independent Director of the Group since 4 May 2022. Mr Lam is a director of various companies engaged in the business of providing corporate finance advisory and compliance advisory in Singapore and the region. He started his career as a regulator before moving into investment banking handling a variety of IPO and other corporate actions. He then moved into Catalyst regulation, working with a wide portfolio of listed companies, advising on the listing rules and corporate governance. In his various capacities, he has amassed almost 20 years of experience in the Singapore corporate finance and regulatory scene.

Mr Lam obtained a Bachelor of Accountancy from Nanyang Technological University in 2002.

Present Directorships in other Listed Companies:

Soon Lian Holdings Limited, China Kunda Technology Holdings Limited, and Capital World Limited

BOARD OF DIRECTORS

MR TAN JUAY HIANG was appointed as Independent Director of the Group on 11 December 2020. Mr Tan was formerly the Managing Director of Investments REIT in Ascott from January to July 2020 and held the role of CEO of Ascendas Hospitality Trust (A-HTRUST) from 2012 to 2019. Mr Tan brings with him vast experience in the real estate industry as well as fund management business both in the private funds as well as the capital markets.

Mr Tan holds a Bachelor of Engineering (Honours) degree from the National University of Singapore and a Master of Business Administration from Nanyang Business School, Nanyang Technological University.

Present Directorships in other Listed Companies:

Daiwa House Asset Management Asia Pte. Ltd.



TAN JUAY HIANG
Independent Director

MS JOAN LAU SAU CHEE was appointed as an Independent Director of the Group on 1 May 2019. Ms Lau started her banking career in Overseas Union Bank Limited ("OUB") in May 1974 as a Personnel Officer and subsequently as an Assistant Company Secretary. In 1990, she joined the corporate finance industry as Assistant Vice President in OUB and left as an Executive Director in United Overseas Bank Limited ("UOB") in April 2008 (OUB merged with UOB in 2002). In June 2008, she joined Hong Leong Finance Limited as Senior Vice President heading its Corporate Finance department and retired as an Advisor in March 2016.

Ms Lau is a Fellow of the Institute of Chartered Secretaries and an Associate of the Chartered Institute of Bankers.



JOAN LAU SAU CHEE
Independent Director



KEY MANAGEMENT



ALAN GOH KENG CHIAN

Founder, Executive Chairman and CEO
See biography in Board of Directors.

MADALINE CATHERINE TAN KIM WAH

Co-founder and Executive Director
See biography in Board of Directors.

NEO LAY FEN

Chief Financial Officer

Ms Neo Lay Fen joined the Group in June 2021 and is responsible for providing strategic recommendations and financial leadership to the Group. Ms. Neo has over 16 years of experience in audit, accounting and finance. Prior to joining our Group, she has worked with other companies. She started her career as an auditor with Ernst & Young LLP. Ms Neo holds a Bachelor of Accountancy (Hons) from Nanyang Technological University and has been a member of the Institute of Singapore Chartered Accountants since 2007.

ANDREAS LORENZ

Chief Operating Officer

Mr Andreas Lorenz joined the Group as the General Manager of ST Hospitality Pte. Ltd. in February 2022 and was promoted to the Chief Operating Officer of ST Hospitality Pte. Ltd. and its subsidiaries in July 2022. He is responsible for overseeing the operations, sales and marketing and business development of ST Hospitality Pte. Ltd. and its subsidiaries. He has more than 20 years of experience in the F&B and hospitality industries locally as well as overseas.



SUSTAINABILITY REPORT

1. BOARD STATEMENT

The Board of Directors (“**Board**”) of Katrina Group Ltd. (“**Katrina**” or the “**Company**”) and its subsidiaries (collectively known as the “**Group**”) having considered environmental, social, governance (“**ESG**”) factors, economic performance and customer experience (collectively as “**Sustainability Factors**”) as part of our strategic formulation, determined the key Sustainability Factors and overseen the management and monitoring of the key Sustainability Factors. Amidst today’s rapid business environment, the Board is committed to support the management in upholding governance and sustainability practices to achieve long-term success and value for our stakeholders.

In line with our commitment to sustainability, a sustainability policy covering our sustainability strategies, sustainability governance structure, materiality assessment and processes in identifying and monitoring key Sustainability Factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this sustainability reporting policy, we will continue to monitor, review and update our key Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

Our sustainability framework is primarily driven by the concerns of our key stakeholders and communicates our commitment towards supporting the United Nations’ Sustainable Development Goals (“**SDGs**” or “**Global Goals**”). We work closely with stakeholders in our value chain and their input drives our sustainability focus on the SDGs and key Sustainability Factors as follows.



SUSTAINABILITY REPORT

This sustainability report (“**Report**”) covers the sustainability performance of our food and beverage business (“**F&B**”) and hospitality business (“**Hospitality**”). A summary of our key sustainability performance in FY2022 is as follows:

Sustainability factor	Segment	Performance indicator	Sustainability performance	
			FY2022	FY2021
Customer experience	F&B	Negative customer review rate ¹	Less than 1%	Less than 1%
	Hospitality	Percentage of brands with positive feedback ratings in excess of 80%	100%	100%
Economic	Group	Economic value generated ²	\$65.8 million	\$60.3 million
		Operating costs ³	\$26.2 million	\$22.7 million
		Employee benefits expenses	\$19.9 million	\$19.5 million
		Payments to providers of capital ⁴	\$0.3 million	\$0.3 million
		Income taxes paid	\$0.01 million	\$0.02 million
Environmental	F&B	Water consumption intensity (CuM/revenue \$'000)	1.8	2.0
	Hospitality	Water consumption intensity (CuM/occupied rooms)	0.27	0.28
	F&B	Total Greenhouse Gas (“ GHG ”) emissions (tonnes CO ₂ e)	2,403	2,437
	Hospitality		569	1,005
	F&B	GHG emissions intensity (tonnes CO ₂ e/revenue \$'000)	0.051	0.059
	Hospitality	GHG emissions intensity (tonnes CO ₂ e/occupied room)	0.005	0.009
Social	Group	Number of work-related fatalities	-	-
		Number of high-consequence work-related injuries ⁵	-	-
		Number of recordable work-related injuries	13	9
		Number of recordable work-related ill health cases	-	-
		Average training hours per full-time and permanent part-time employee	141 hours	92 hours
		Number of non-compliance incidents with manpower rules and regulations ⁶	-	-
	F&B	Number of outlets receiving demerit points from the Singapore Food Agency (“ SFA ”)	1	3
	Hospitality	Number of incidents on non-compliance with the Fire Safety Act	-	-
	Group	Number of reported incidents of unlawful discrimination against employees ⁷	-	-
		Number of substantiated complaints concerning breaches of customer privacy and violation of regulations	-	-
Governance	Group	Number of reported corruption incidents ⁸	-	-

¹ Customer review rate is calculated by dividing the total number of negative customer reviews by the total number of sales transactions. Figure excludes data for F&B outlets in Indonesia due to non-availability of information. We will strengthen our data collection process and include the relevant information in the future.

² Economic value generated includes revenue, other income and interest income; net of government grants.

³ Operating costs include cash payments to suppliers and contractors; net of employee-related costs.

⁴ Payments to providers of capital include interest payments made to providers of loans.

⁵ High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.

⁶ Non-compliance refers to an incident whereby the relevant authority has completed an investigation which resulted in a penalty to the Company (“**Non-Compliance Incident with Manpower Rules and Regulations**”).

⁷ Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.

⁸ A corruption incident is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by officers or employees of the Company. The corruption incident is one that is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than \$100,000.

SUSTAINABILITY REPORT

The lowering of the Disease Outbreak Response System Condition (“**Dorscon**”) from yellow to green, coupled with the lifting of the remaining Coronavirus disease 2019 (“**COVID-19**” or “**Pandemic**”) restrictions in Singapore and the border measures are expected to bode well for the Group’s F&B and Hospitality businesses. However, this recovery might be negatively impacted by the high inflation and rising interest rates which are increasingly weighing on economies worldwide. The nascent recovery in consumer spending in Singapore and elsewhere could be affected in the event of a significant economic downturn. These challenges are beyond our control but we will continue to explore and seize opportunities for sustainable growth while ensuring costs are well managed.

2. OUR BUSINESS

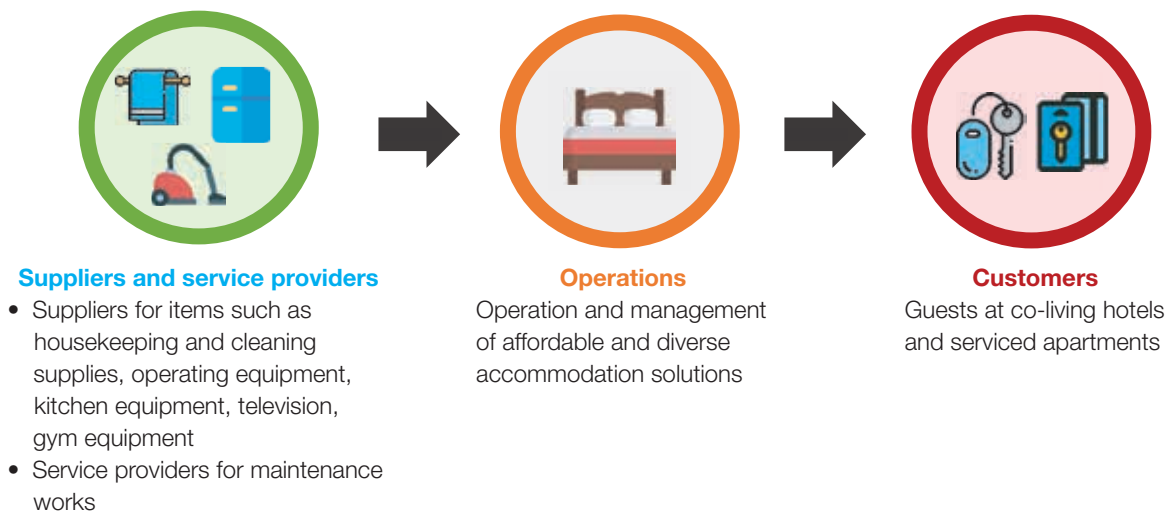
2.1 VALUE CHAIN

Key sustainability factors are identified based on our business segments as follows:

F&B



Hospitality



SUSTAINABILITY REPORT

2.2 PEOPLE

As at 31 December 2022, we have a workforce of 491 employees and most of our employees are based in Singapore with breakdown as follows:

Singapore	Indonesia	Total
Overall		
479	12	491
Full-time		
328	12	340
Part-time⁹		
151	-	151

3. REPORTING SCOPE

We are pleased to present our Report, which is for the financial year (“FY”) ended 31 December 2022 (“FY2022” or “Reporting Period”). This Report covers the following operating entities within our F&B and Hospitality business segments which contributed 100% of the Group’s revenue for FY2022 (FY2021: 100%):

S/N	Entity	S/N	Entity
1	Katrina Holdings Pte Ltd	5	Tomo Izakaya Pte. Ltd.
2	ST Hospitality Pte. Ltd.	6	PT So Pho Food Indonesia
3	Bali Thai Food Catering Pte. Ltd.	7	SOPL 1 Pte. Ltd.
4	Katrina International Pte. Ltd.	8	SO Services Pte. Ltd.

4. REPORTING FRAMEWORK

This Report has been prepared in accordance with Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist (“Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company has reported the information cited in the GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the Global Reporting Initiative (“GRI”) Standards. We have chosen the GRI framework as it is an internationally recognised sustainability reporting standard that covers a comprehensive range of sustainability disclosures. The GRI content index can be found in Appendix 2.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 (“UN Sustainability Agenda”). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries – developed and developing – in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures (“TCFD”) in our climate-related disclosures.

While we have not sought external assurance for this Report, we have relied on internal data monitoring and verification to ensure accuracy. We will work towards external assurance for our future sustainability reports.

⁹ Figures for part-time employees only include permanent part-time employees. Casual (hourly-rated) employees are excluded from the headcount of part-time employees as they constituted approximately 2% of the Group’s headcount, which is deemed immaterial as a proportion of total headcount.

SUSTAINABILITY REPORT

5. FEEDBACK

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. You may contact us at our office phone number at (65) 6292 4748 or email us at info@katrinagroup.com.

6. STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and key Sustainability Factors relevant to our business. These include entities or individuals that have an interest that is affected or could be affected by our activities. Through a stakeholder mapping exercise performed with the senior management, we have identified our key stakeholder groups which we prioritise our engagements with. These key stakeholders include communities, customers, employees, government and regulators (“**Regulators**”), investors or shareholders (“**Shareholders**”) and suppliers and service providers (“**Suppliers**”).

The concerns of key stakeholders are also taken into account when formulating corporate strategies. We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate them in our corporate strategies to achieve mutually beneficial relationships.

The table below sets out how we engage our key stakeholders:

S/N	Stakeholder	Engagement platform	Frequency of engagement	Key concern raised
1	Communities	<ul style="list-style-type: none"> Donations Social events 	When needed	<ul style="list-style-type: none"> Corporate social responsibility Building community support
2	Customers	<ul style="list-style-type: none"> Advertisements Customer feedback and survey Email queries Hotline Marketing or product launch events Social media campaigns 	Regularly	Quality of service
3	Employees	Comprehensive training	Monthly	<ul style="list-style-type: none"> Health and safety Wage and hiring Training and development Incentive and benefit
		Induction and orientation programme	Regularly	
		Staff appraisal	Annually	
		Open dialogues among teams	Ad-hoc	
4	Regulators	<ul style="list-style-type: none"> Face-to-face meetings Industry workshops Participation in discussions 	When needed	<ul style="list-style-type: none"> Corporate governance Food safety and hygiene Occupational health and safety
		Regular reports	Annually or when needed	
5	Shareholders	Annual report	Annually	<ul style="list-style-type: none"> Sustainable business performance Market valuation Dividend payment Corporate governance
		Annual general meeting	Annually	
		Investor meetings	Annually or when needed	
		Results announcements	Quarterly ¹⁰	
		Corporate announcements/press release	When needed	
6	Suppliers	<ul style="list-style-type: none"> Email communications Face-to-face meetings Phone calls 	Regularly	Demand volatility
		Review and feedback sessions	Annually	

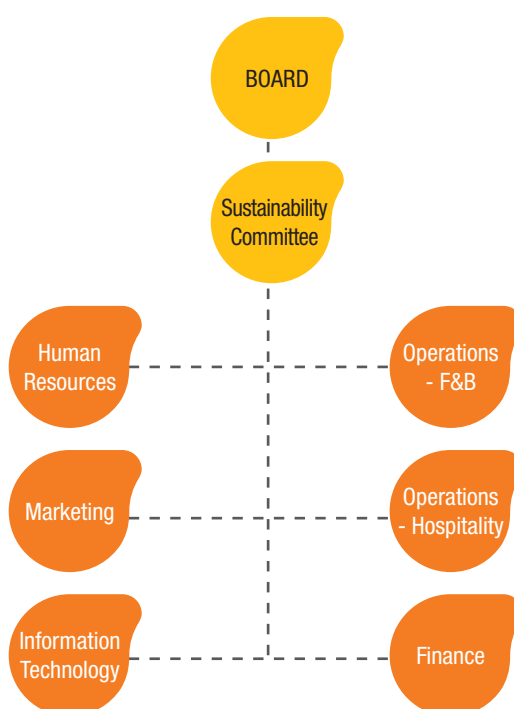
¹⁰ We adopted a quarterly financial reporting cycle from third quarter of FY2022.

SUSTAINABILITY REPORT

7. SUSTAINABILITY APPROACH

7.1 SUSTAINABILITY GOVERNANCE STRUCTURE

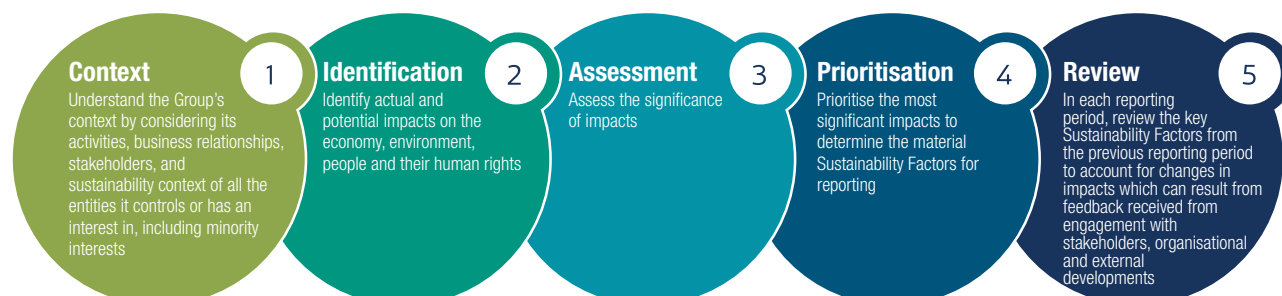
The Board advises and oversees the development of our sustainability strategy and performance targets. Our sustainability strategy is spearheaded by the Sustainability Committee, which comprises representatives from various support units. Our senior management advises the Sustainability Committee in reviewing our sustainability progress, discussing and coordinating on how the Group can better implement sustainability initiatives and contribute to sustainability efforts. The Sustainability Committee reports to the Board, reviews material impacts, considers stakeholders' priorities, sets targets, as well as collects, verifies, monitors and reports performance data for this Report.



7.2 SUSTAINABILITY REPORTING PROCESSES

Under our sustainability reporting policy, our sustainability process begins with an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of key Sustainability Factors disclosed in this Report.

Processes involved are shown in the chart below:



SUSTAINABILITY REPORT

7.3 MATERIALITY ASSESSMENT

The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts (“**Likelihood of Impact**”) and significance of our impacts on the economy, environment, people and their human rights, which in turn can indicate our contribution (negative or positive) to sustainable development (“**Significance of Impact**”).

7.4 PERFORMANCE TRACKING AND REPORTING

We track the progress of our key Sustainability Factors by identifying the relevant data points, measuring and monitoring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capturing systems. The sustainability trends can be found in Appendix 1.

8. MATERIAL FACTORS ASSESSMENT

In FY2022, a materiality assessment was conducted by the Sustainability Committee to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors with significant impacts on the economy, environment, people and their human rights were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

Our key Sustainability Factors are presented in the table below:

S/N	Key Sustainability Factor	Key stakeholder	SDG
Customer experience			
1	Total customer satisfaction	Customers	Decent work and economic growth
Economic			
2	Sustainable business performance	<ul style="list-style-type: none"> • Employees • Regulators • Shareholders 	Decent work and economic growth
Environmental			
3	Water conservation	<ul style="list-style-type: none"> • Communities • Shareholders 	Clean water and sanitation
4	Energy conservation and emissions reduction	<ul style="list-style-type: none"> • Communities • Shareholders 	Affordable and clean energy
5	Responsible waste management	<ul style="list-style-type: none"> • Communities • Shareholders 	Responsible consumption and production
Social			
6	Occupational health and safety	Employees	Good health and well-being
7	Labour practices and talent management	Employees	Quality education
8	Customer health and safety	<ul style="list-style-type: none"> • Customers • Suppliers 	Decent work and economic growth
9	Diversity and equal opportunity	Employees	Reduced inequalities
10	Commitment to data privacy and cybersecurity	<ul style="list-style-type: none"> • Customers • Employees • Regulators 	Peace, justice and strong institutions
Governance			
11	Corporate governance and code of ethics	<ul style="list-style-type: none"> • Regulators • Shareholders 	Peace, justice and strong institutions

SUSTAINABILITY REPORT

We will update the key Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each key Sustainability Factor are presented as follows:

8.1 TOTAL CUSTOMER SATISFACTION

We are committed to retain and build a loyal customer base for our long-term sustainability by maximising customer's experience through the following:

F&B

Offer a wide selection of delicious cuisine

As at 31 December 2022, we operated a total of 30 outlets in Singapore (FY2021: 34 outlets) and 1 outlet in Indonesia (FY2021: 1 outlet). As an operator of restaurants and café chains under different brands and concepts, we constantly strive to meet consumer trends and offer our customers a wide range of cuisines. We own and operate six different proprietary F&B brands with each brand serving authentic cuisines of different ethnicity. Our mid-range dining brands serve Thai, Northern Chinese and Japanese cuisines, while our casual dining brands serve Indonesian, Thai, Hong Kong, Vietnamese, and Yunnan Chinese cuisines. In addition, each brand is accompanied by tailored décor and designs in our restaurants and cafes to provide patrons with a comfortable ambience and unique experience.

Proactively gather customer feedback for improvements and to develop strategies

We strongly encourage our customers to provide their feedback via various touchpoints such as social media, website and email. Customer feedback is analysed to gather valuable insights into current and future customer requirements. Insights gathered are discussed during management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.

During the Reporting Period, we successfully maintained a negative customer review rate of less than 1% (FY2021: less than 1%).

Render good customer service

Our staff training and development programmes include customer service courses and soft skill training which are designed to prioritise customer experience. For further details on staff training and development programmes, refer to Section 8.7.

Bring convenience for our customers with online ordering

In light of increasing customer demand for more efficient and convenient ordering process, we have a digital ordering website which allows our customers to choose the desired dining brand and opt for delivery or pickup order. Our partnerships with online delivery platforms such as GrabFood, Foodpanda and Deliveroo also allow more customers to access to our food offerings.

In order to enhance the efficiency, accuracy and convenience of the ordering process and relieve the workload of employees, a QR code ordering system is in place at our restaurants in Singapore to allow our customers to order after browsing the contactless digital menu.

During the Reporting Period, we derived 16.0% (FY2021: 18.5%) of our revenue from online ordering and we believe that our online strategy will provide more dining options for our customers.

SUSTAINABILITY REPORT

Hospitality

Provide excellent hospitality experience with a wide selection of booking options

We believe that our guests prefer a wide selection of booking options on the level of comfort and the length of stay. To meet their needs, we provide the following service offerings under our hospitality brands:

- ST Residences brand that offers fully furnished serviced apartments tailored for business travellers that require accommodation with contract flexibility;
- ST Signature brand that offers co-living hotels for targeted travellers who are looking for short stay periods; and
- ST Signature Lite brand that offers flexible hours stay.

Highly accessible locations

Our guests are mostly travellers that seek accommodation at convenient locations. To cater to their needs, we offer the following:

- ST Residences, which operates a portfolio of furnished serviced apartments island-wide in prime and highly accessible locations; and
- ST Signature, which operates co-living hotels and is conveniently located in the heart of the city with added comfort of living in a home.

Continuous innovation to hospitality services

Information technology is widely adopted in our co-living business to deliver service offering to our guests in a more convenient and cost-effective manner as follows:

- Our self-check-in experience is completely automated via the ST Signature Chat-In™ app. With the app, our guests can retrieve their booking, upload identification, complete payment, and obtain PIN to gain access to their room upon successful check-in;
- Smart locks are paired and linked to the app as guests are granted unique passwords to access their rooms upon check-in; and
- There is also a virtual chat feature for hotel guests that allows them to interact with our hosts in the event they require assistance.

Proactively gather customer feedback for improvements and to develop strategies

We pay close attention to guest feedback collected from various booking sites. Our operations team ensures that guest feedback is reviewed regularly and discussed during the management meetings to help us in improving our customer experience.

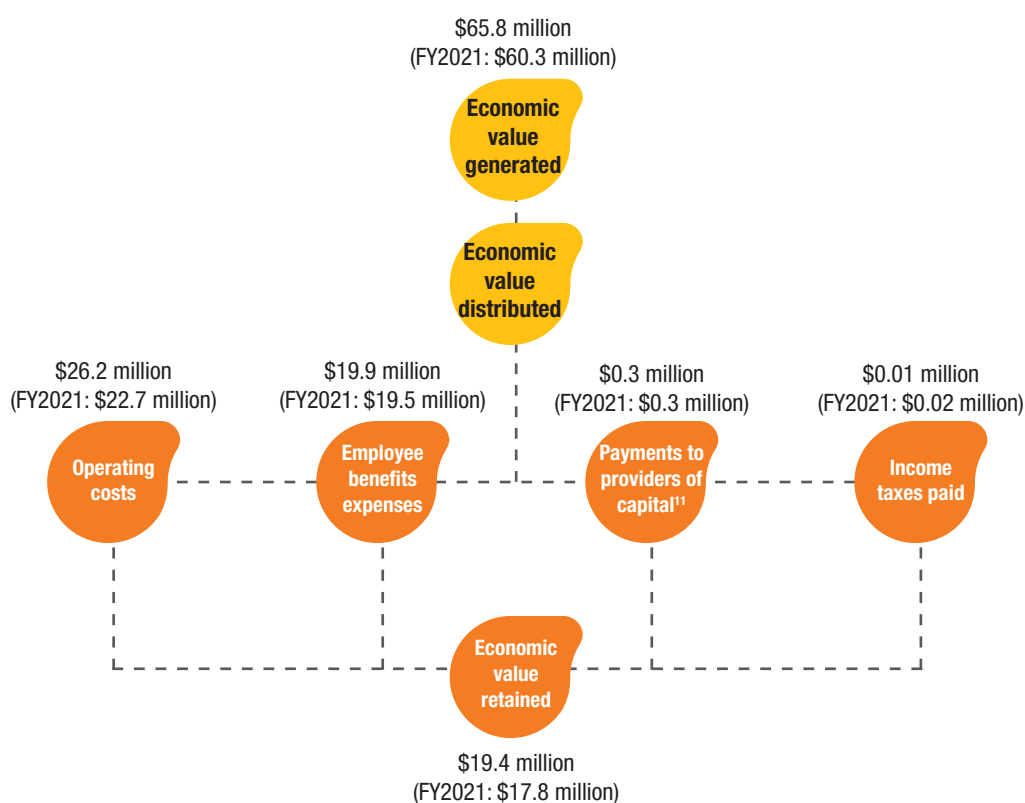
SUSTAINABILITY REPORT

During the Reporting Period, all our brands have positive feedback ratings in excess of 80% (FY2021: all of our brands). In addition, we were awarded with the Booking.com Traveller Review Awards 2022, Agoda 2022 Gold Circle award and Agoda 2022 Customer Review Awards.

Business segment	Target for FY2022	Performance in FY2022	Target for FY2023
F&B	Maintain or improve customer review rate	Target met as follows: Our negative customer review rate is less than 1% (FY2021: less than 1%)	Maintain or improve customer review rate
Hospitality	Maintain or improve feedback rating collected from various booking sites	Target met as follows: All our brands have positive feedback ratings in excess of 80% (FY2021: all our brands)	Maintain or improve feedback rating collected from various booking sites

8.2 SUSTAINABLE BUSINESS PERFORMANCE

We are committed to provide value to various stakeholders through relevant and meaningful ways. In line with this commitment, economic value in FY2022 is distributed as follows to enable a more sustainable future:



¹¹ Include the Controlling Shareholder who provided interest free loans amounting to \$606,000 to the Company as at 31 December 2022 in view that the Group is in a negative working capital position.

SUSTAINABILITY REPORT

Further details of our economic performance can be found in the financial contents and audited financial statements of this Annual Report.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or improve our financial performance subject to economic conditions	Target met as follows: Economic value generated increases to \$65.8 million (FY2021: \$60.3 million)	Maintain or improve our economic value generated subject to economic conditions

8.3 WATER CONSERVATION

In water-scarce Singapore, water management is vital. In line with our core value to be environmentally responsible, we are committed to responsible usage of water resources through enhancing our water consumption efficiency.

F&B

We rely on water resources to run our operations primarily in the following areas:

- Use in the preparation of our products such as soup base;
- Dishwashing; and
- Kitchen cleaning.

Key statistics on water consumption during the Reporting Period are as follows:

Resource	Water consumption (CuM)		Water consumption intensity (CuM/revenue \$'000)	
	FY2022	FY2021	FY2022	FY2021
Water	86,633	80,721	1.8	2.0

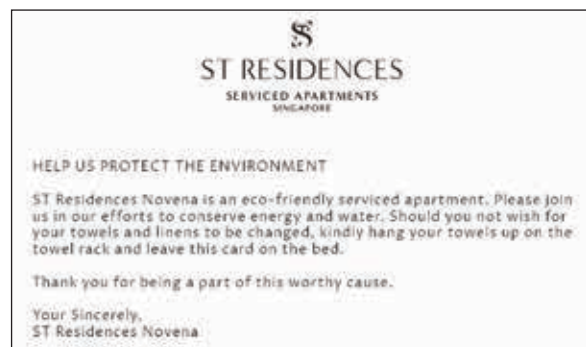
The increase in water consumption is mainly due to higher business activities at our outlets as a result of lesser dining restrictions in FY2022 with the easing of COVID-19 measures. Water consumption intensity decreases as we are able to use water more efficiently due to fewer disruptions to our operations from lesser dining restrictions in FY2022.

Our water conservation initiatives include performing regular tracking and review on water consumption and periodic inspections to check faucets and pipes for leaks.

Hospitality

We keep a card in all the guest rooms to educate guests about water conservation tips for their rooms (“Eco-Cards”). With the use of Eco-Cards, guests are notified that bed linens are changed every three days during the tenure of their stay or upon each check-out.

In addition, water savings taps are installed and we closely monitor the monthly water usage. Leakages are promptly checked should there be a sudden spike in water consumption.



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Key statistics on water consumption during the Reporting Period are as follows:

Resource	Water consumption (CuM)		Water consumption intensity (CuM/occupied room)	
	FY2022	FY2021	FY2022	FY2021
Water	29,049	31,660	0.27	0.28

The decrease in water consumption and water consumption intensity is mainly due to the return of serviced apartments. Given that serviced apartments typically have their own kitchen and living space, they tend to consume more water as compared to co-living hotels.

Business segment	Target for FY2022	Performance in FY2022	Target for FY2023
F&B	Water consumption intensity does not exceed 3 CuM/ revenue (\$'000)	Target met as follows: Water consumption intensity per revenue \$'000 is 1.8 CuM (FY2021: 2.0 CuM/ revenue \$'000)	Water consumption intensity does not exceed 3 CuM/ revenue (\$'000)
Hospitality	Water consumption intensity does not exceed 3 CuM/ revenue (\$'000)	Not applicable ¹² : Water consumption intensity per occupied room decreases to 0.27 CuM/ occupied room (FY2021: 0.28 CuM/ occupied room)	Maintain or improve water consumption intensity

8.4 ENERGY CONSERVATION AND EMISSIONS REDUCTION

In order to mitigate the negative impacts of climate change, we are committed to responsible usage of energy resources and emissions reduction through enhancing our energy usage efficiency.

F&B

To run our operations, we rely mainly on the following energy sources:

- Liquefied petroleum gas (“LPG”) for operating cooking equipment; and
- Electricity for running equipment for refrigeration, lighting, office work, cooling and ventilation.

From the third quarter of FY2022, we engage an energy solution provider to progressively integrate an intelligent energy management technology platform (“Platform”) into the kitchen exhaust system of selected F&B outlets. The Platform leverages on smart energy monitors, smart sensors and Artificial Intelligence to monitor operating patterns of the equipment and gather detailed energy consumption and operations data across our portfolio of F&B outlets and equipment. By gathering operating patterns of the equipment, detailed energy consumption and operations data, the Platform helps us to manage the energy consumption of our equipment and generate energy savings.



¹² In FY2022, we changed the denominator used to compute intensity. The change in denominator is meant to align with the industry best practices and aims to provide a more accurate representation of our Hospitality segment's water consumption.

SUSTAINABILITY REPORT

Key statistics on energy consumption and GHG emissions during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2022	FY2021
Energy consumption			
LPG consumption	kWh	5,292,043	4,977,449
Purchased electricity consumption	kWh	2,978,243	3,220,512
Energy consumption intensity			
LPG consumption intensity	kWh/revenue \$'000	111.8	121.5
Purchased electricity consumption intensity	kWh/square foot	50.7	48.1
GHG emissions			
Direct GHG emissions (Scope 1) ¹³	tonnes CO ₂ e	1,203	1,131
Indirect GHG emissions (Scope 2) ¹⁴	tonnes CO ₂ e	1,200	1,306
Total GHG emissions	tonnes CO ₂ e	2,403	2,437
GHG emissions intensity	tonnes CO ₂ e/revenue \$'000	0.051	0.059

The increase in LPG consumption and the corresponding direct GHG emissions is mainly due to higher business activities at our outlets as a result of lesser dining restrictions in FY2022 with the easing of COVID-19 measures. LPG consumption intensity decreases as we are able to use LPG more efficiently due to fewer disruptions to our operations from lesser dining restrictions in FY2022.

Electricity consumption and the corresponding indirect GHG emissions decline mainly due to a reduction in the number of outlets operated in Singapore. The increase in electricity consumption intensity is mainly due to higher business activities at our operating outlets as a result of lesser dining restrictions in FY2022 and a reduction in the number of our outlets.

Being committed to energy conservation and emissions reduction, we use wok burners which maximise the heat energy produced by combustion and minimise LPG losses that occur as a result of incomplete combustion.

We also communicate with the outlets' operations managers to track and review energy consumption regularly to control usage. Corrective actions are taken when unusual consumption patterns are observed. To minimise electricity consumption and the related emissions, we have converted from the use of traditional lighting to LED lighting for all our outlets.

Hospitality

To run our operations, we rely mainly on electricity for lighting and cooling. As such, our GHG emissions come mainly from Scope 2 emissions arising from our electricity consumption.

As an initiative of conservation of energy and emissions reduction, our hospitality business has invested in SensorFlow system for our ST Signature co-living hotels and ST Residences Novena. SensorFlow technology uses wireless sensors to gather real time data within hotel rooms, providing insights, automating decision making and optimising hotel's energy efficiency. SensorFlow also adopts Internet of Things and Artificial Intelligence technologies to optimise hotels' system performance, reduce energy wastage and automate room temperature control according to guests' behaviour.

¹³ GHG emissions from LPG consumption controlled by the Company's F&B business segment (Scope 1) are calculated based on the Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines published by the National Environment Agency ("NEA").

¹⁴ GHG emissions from electricity purchased by the Company's F&B segment (Scope 2) are calculated based on the emissions factors published by the relevant local authorities.

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With this system, air conditioning in the guest rooms is switched off when guests are not detected in the room. We are also able to regulate the temperature so that the air conditioning is able to function at optimal energy usage level.

From the second quarter of FY2022, we procure renewable electricity from an energy retailer to power our operations in our operated premises at ST Signature Tanjong Pagar and ST Signature Jalan Besar. The renewable electricity reduces our carbon footprint as it comes from hydropower that is constantly replenished and is a zero-carbon way to produce electricity.

Key statistics on electricity consumption and GHG emissions during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2022	FY2021
Energy consumption			
Purchased electricity consumption	kWh	1,414,822	2,480,599
Electricity consumption attributed to renewable source (hydropower)	kWh	780,469	¹⁵
Total electricity consumption	kWh	2,195,292	2,480,599
Energy consumption intensity			
Electricity consumption intensity	kWh/occupied rooms	20.2	22.1
GHG emissions			
Indirect GHG emissions (Scope 2) ¹⁶	tonnes CO ₂ e	569	1,005
Total GHG emissions	tonnes CO ₂ e	569	1,005
GHG emissions intensity	tonnes CO ₂ e/occupied room	0.005	0.009

The decrease in electricity consumption intensity is mainly due to the return of serviced apartment units to landlords. Given that serviced apartments typically have their own kitchen and additional living space, they tend to consume more electricity as compared to co-living hotels.

The decrease in total GHG emissions is mainly due to renewable electricity procured from an energy retailer to reduce our carbon footprint.

Business segment	Target for FY2022	Performance in FY2022	Target for FY2023
F&B	Maintain or reduce GHG emissions intensity	Target met as follows: GHG emissions intensity decreases to 0.051 tonnes CO ₂ e/revenue \$'000 (FY2021: 0.059 tonnes CO ₂ e/revenue \$'000)	Maintain or reduce GHG emissions intensity
Hospitality	Maintain or reduce GHG emissions intensity	Target met as follows: GHG emissions intensity decreases to 0.005 tonnes CO ₂ e/occupied room (FY2021: 0.009 tonnes CO ₂ e/occupied room)	Maintain or reduce GHG emissions intensity

¹⁵ Not applicable as the Hospitality business only started to procure renewable electricity from the second quarter of FY2022.

¹⁶ GHG emissions from electricity purchased by the Company's Hospitality business segment (Scope 2) are calculated using the market-based method which accounts for the reduction in emissions from the consumption of renewable electricity. Using the location-based method based on the average emissions factors published by the Energy Market Authority, our Scope 2 emissions for FY2022 is 883 tonnes CO₂e.

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8.5 RESPONSIBLE WASTE MANAGEMENT

Our planet provides us with an abundance of natural resources. We recognise that environmental preservation through efficient waste management such as reduce and recycling allows us to operate in a conducive and sustainable environment. Through the implementation of proper waste management processes, we are committed to minimise wastage in both our F&B and Hospitality businesses and minimise the potential impact of our operations on the environment.

F&B

We aim to be environmentally friendly and dispose used cooking oil via a licensed used oil collector so that it can be properly treated before being recycled. All oil waste generated from operations are disposed through a licensed used oil collector and amounted¹⁷ to 8,087kg in FY2022 (FY2021: 10,346kg). The decline in oil waste disposal is mainly attributable to a decrease in the number of outlets.

In addition, we adopt biodegradable cutleries and Bring Your Own containers for takeaways. We also encourage our customers to opt for no cutlery for takeaways and online orders.

Ingredient waste generated from our operations is deemed not material as the food products we serve are fast-moving and ingredients can be used interchangeably for different dishes whilst the dishes are cooked only when ordered. In addition, we perform regular evaluation of our purchase quantity and amount to minimise occurrence of over ordering and to reduce wastage.

Hospitality

After assessing the impact on the environment, waste management is deemed not to be a key Sustainability Factor for our hospitality business. Nonetheless, we constantly explore viable eco-alternatives for single-use plastic items used on our property. For example, our hospitality business has stopped providing bottled water in guests' rooms daily to reduce plastic waste. As a substitute, we provided kettles in the cook laboratories or guest rooms for our guests to use. We are also using refillable toiletries in the hotels instead of individual bottles to reduce plastic waste and wastage of the toiletries.

Business segment	Target for FY2022	Performance in FY2022	Target for FY2023
F&B	Maintain or improve the proportion of oil waste generated from operations that is properly disposed	Target met as follows: All oil waste generated from operations is handled by a licensed used oil collector and amounted to 8,087kg (FY2021: all oil waste which amounted to 10,346kg).	Maintain or improve the proportion of oil waste generated from operations that is properly disposed

8.6 OCCUPATIONAL HEALTH AND SAFETY

We are committed to safeguard our employees' health and safety against any potential workplace hazards as it is a basic need for our workers to work in a safe environment. A safe environment also helps to increase our productivity so that we can give our best to our customers. We aim to provide a hazard-free workplace by implementing the following job safety guidelines and procedures:

- We have in place a methodological documentation of key occupational health and safety issues and measures at the employee level. The documentation is developed based on employees' safety concerns and suggestions;
- A risk assessment committee is in place and tasked to conduct regular risk assessments to identify work hazards that are likely to harm employees in their working environment and establish related preventive measures;

¹⁷ Figure excludes data for F&B outlets in Indonesia due to non-availability of information. We will strengthen our data collection process and include the relevant information in the future.

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- Our employees are trained to be safety conscious and identify potential hazards in the workplace;
- New employees have to undergo the required safety training and drills to familiarise themselves with the operation of the machinery and equipment as well as the safety precautions and procedures; and
- We conduct regular safety checks and enforce key relevant health and safety rules.

We encountered zero work-related fatalities, zero high-consequence work-related injuries, 13 recordable work-related injuries and zero recordable work-related ill health cases in FY2022 (FY2021: zero work-related fatalities, zero high-consequence work-related injuries, 9 recordable work-related injuries and zero recordable work-related ill health cases). The higher recordable work-related injuries in FY2022 are mainly due to increased operations during the period as a result of lesser Pandemic-related restrictions. The recordable work-related injuries are mainly associated with cut, burn, slip and fall injuries. We have strengthened the relevant policies and procedures to reinforce workplace safety measures.

To protect our employees and minimise the risk of transmission of COVID-19, we adhere to guidelines and measures passed by the local COVID-19 laws and regulations.

Target for FY2022	Performance in FY2022	Target for FY2023
Improve the number of work-related injuries and ill health cases	<p>Target partially met as follows:</p> <ul style="list-style-type: none"> • We recorded 13 recordable work-related injuries (FY2021: 9 recordable work-related injuries) • We recorded zero fatalities, high-consequence work-related injuries and recordable work-related ill health cases (FY2021: zero fatalities, high-consequence work-related injuries and recordable work-related ill health cases) 	<ul style="list-style-type: none"> • Reduce the number of recordable work-related injuries • Maintain zero work-related fatalities, high-consequence work-related injuries and recordable work-related ill health cases

8.7 LABOUR PRACTICES AND TALENT MANAGEMENT

We recognise our role in providing equitable, quality education for our employees. Our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for all our people.

We respect the protection of internationally proclaimed human rights of our employees, support the elimination of all forms of forced and compulsory labour, especially child labour, and do not tolerate any discrimination in respect of employment and occupation.

In addition, we care for our employees' well-being through employee benefits and activities to promote healthy living and work-life balance. The employee benefits include reimbursements for medical consultation made by full-time and part-time employees in polyclinics and government hospitals, dental benefits for all confirmed employees, as well as pro-family benefits to eligible confirmed employees which include maternity leave, childcare leave and paternity leave. We promote staff wellness and healthy lifestyle through organising recreational activities such as handicraft activities, bowling and bouldering sessions on a regular basis.

We also believe in organising corporate social responsibility activities to encourage team bonding and a spirit of volunteerism amongst our employees. During the Reporting Period, some of our employees visited Ling Kwang Home for Senior Citizens as befrienders to interact with the seniors of Ling Kwang Home. The befriending activities conducted during the visit include ice breaker session, sing-along session, handicraft session, provision of food for the seniors and assisting to feed the seniors.

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To equip our employees with the right capabilities, we offered a wide range of internal and external training courses:

Business segment	Training programme
F&B	<ul style="list-style-type: none"> • Soft skill trainings • Leadership and supervisory skills • Food hygiene and safety courses • Customer service courses • Halal Foundation • SOP training • Work Study Diploma in Culinary Arts • F&B hospitality operations • Payroll year end workshop • Goods and Services Tax (“GST”) training
Hospitality	<ul style="list-style-type: none"> • Soft skill trainings • Leadership and supervisory skills • Customer service courses • SOP training • Work Study Diploma in Hotel and Restaurant Management • Payroll year end workshop • GST training

A total of 69,040 training hours were provided for our full-time and permanent part-time employees during FY2022 (FY2021: 47,733 hours). All full-time and permanent part-time employees received an average of 141 training hours (FY2021: 92 training hours) per employee during FY2022. The increase in average training hours per employee is mainly due to more internal training programmes being conducted after the lifting of COVID-19 restrictions.

We provide competitive remuneration based on merit to our employees. Our confirmed full-time employees receive regular feedback on their performance and career development. Key statistics on confirmed full-time employees who received regular performance and career development reviews are as follows:

Disclosure	FY2022	FY2021
Gender		
Male	98%	98%
Female	97%	97%
Management level		
Management	91%	87%
Non-management	100%	100%

Our employees are not covered by collective bargaining agreements but are given the right to exercise freedom of association. Employees are given a minimum of one month’s notice prior to any implementation of significant operational changes that could substantially affect them.

We are committed to talent retention to accelerate our success. A periodic employee engagement survey is conducted to determine the level of employee satisfaction and gather feedback. Employees’ inputs are taken into consideration for the formulation of human resource practices and programmes such as Corporate Social Responsibility or Workplace Health Promotion activities.

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Key statistics on new hires and turnover of full-time and permanent part-time employees are as follows:

New hires

Disclosure	FY2022	FY2021
Gender		
Male	37%	45%
Female	63%	55%
Age		
Below 30	46%	43%
30 to 50	35%	44%
Above 50	19%	13%

Turnover

Disclosure	FY2022	FY2021
Overall	64%	66%
Gender		
Male	38%	43%
Female	62%	57%
Age		
Below 30	36%	43%
30 to 50	45%	46%
Above 50	19%	11%

Due to the nature of our business, we experience high employee turnover and we will continuously work towards improving our turnover rate.

During the Reporting Period, there is zero (FY2021: zero) Non-Compliance Incident of Manpower Related Rules and Regulations.

As part of our continual efforts to enhance and upgrade the knowledge of our Directors on sustainability reporting and to meet the requirement of Singapore Exchange ("SGX") under Catalist Rule 720(6), we confirm that 5 Directors or 100% of our Directors have attended at least one of the approved sustainability training courses during the Reporting Period.

Target for FY2022	Performance in FY2022	Target for FY2023
<ul style="list-style-type: none"> Maintain zero incident of Non-Compliance of Manpower Related Rules and Regulations Maintain or improve hours of training per employee subject to market conditions 	<p>Target met as follows:</p> <ul style="list-style-type: none"> We have no reported incident of Non-Compliance of Manpower Related Rules and Regulations (FY2021: zero incident) All full-time and permanent part-time employees received an average of 141 training hours per employee (FY2021: 92 training hours per employee) 	<ul style="list-style-type: none"> Maintain zero incident of Non-Compliance of Manpower Related Rules and Regulations Maintain or improve hours of training per employee subject to market conditions

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8.8 CUSTOMER HEALTH AND SAFETY

We are committed to deliver the best to our customers by providing customers with safe products and services for long-term business sustainability. Key measures taken by us on this front are as follows:

F&B

Commitment to hygiene and food safety

Food safety and hygiene are of utmost importance to us. We work with our partners from procurement, warehouse and logistics, quality assurance, and operations to achieve this objective. Staff attends both internal and external workshops together with extensive on-the-job-training on a range of areas on food safety and hygiene. We adopt market best practices in our operations to ensure food quality and safety. The markets standards adopted by our outlets are as follows:

Standard/certification	Standard/certification attained by	Focus of relevant standard/certification
SFA grade "A" and "B"	All outlets	Manage the overall hygiene, cleanliness and housekeeping standards of our premises
Halal certificate	<ul style="list-style-type: none"> Bali Thai So Pho Streets 	Ensure that our operations comply with Islamic dietary requirements

During the Reporting Period, demerit points were issued by the SFA to one of our outlets mainly due to the use of damaged food storage containers and lids in food preparation and sale of products in outlet (FY2021: three outlets). We have rectified the incident identified immediately.

Proactive supplier quality management

To uphold our standard on food quality and safety, we implemented the following measures:

- A list of approved suppliers is established for outlet managers to place orders;
- Strategic suppliers are constantly evaluated through measures such as annual assessments; and
- A set of receiving inspection procedures is in place for food ingredients.

Provide a clean and safe dining environment

All our restaurants under our F&B business are certified with the SG Clean Quality Mark, which is a voluntary scheme for premise operators to maintain high standards of sanitation and hygiene. We have implemented cleaning and sanitation routines to keep our restaurants clean. To ensure a safe dining environment for our customers, we put up notices at our restaurants to raise awareness on the government's guidelines and requirements.

Hospitality

Maintain effective fire safety measures in our buildings

We place our priorities in our customer health and safety measures. We ensure that the certification of fire safety in accordance with the Fire Safety Act (Chapter 109A), Section 29(3)(b) is obtained before the opening of our hotels. Fire escapes routes are established in the buildings managed by us and fire extinguishers are monitored regularly for expiry dates and their working conditions.

To date, there is zero (FY2021: zero) reported incident on non-compliance with the Fire Safety Act.

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Provide a clean and welcoming environment for our guests

Our ST Signature co-living hotels under our Hospitality business are certified with the SG Clean Quality Mark. We comply with the environmental cleaning guidelines set out by the NEA to keep our guests safe during the Pandemic.

Business segment	Target for FY2022	Performance in FY2022	Target for FY2023
F&B	Maintain zero rate of non-compliance with food safety and hygiene rules and regulations	Target not met as follows: SFA issued demerit points to one outlet and we have put in place additional procedures to keep our premises hygienic (FY2021: three outlets)	Maintain zero rate of non-compliance with food safety and hygiene rules and regulations
Hospitality	Maintain zero incident on non-compliance with Fire Safety Act	Target met as follows: We have no incident of non-compliance with Fire Safety Act (FY2021: zero incident)	Maintain zero incident on non-compliance with Fire Safety Act

8.9 DIVERSITY AND EQUAL OPPORTUNITY

A diverse workforce is an asset in today's ever-changing global marketplace. We aim to build an inclusive culture with highly motivated, engaged and connected employees from wide-ranging backgrounds.

Gender (%)

We view gender diversity in the Board as an essential element in supporting sustainable development. We have a female representation of two Directors (FY2021: two) in the Board or 40% (FY2021: 40%) of the Board, with one being the Executive Director and the other being an Independent Director. Key statistics on gender diversity of our employees are as follows:

Disclosure	FY2022		FY2021	
	Male	Female	Male	Female
Overall	41%	59%	41%	59%
Management level				
Management	56%	44%	49%	51%
Non-management	38%	62%	40%	60%
Employment type				
Full-time	54%	46%	53%	47%
Part-time	13%	87%	15%	85%

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Age (%)

We value mature workers for their experience, knowledge and skills. Key statistics on age diversity of our employees are as follows:

Disclosure	FY2022			FY2021		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
Overall	28%	52%	20%	24%	58%	18%
Management level						
Management	11%	73%	16%	13%	74%	13%
Non-management	32%	47%	21%	25%	56%	19%
Employment type						
Full-time	33%	52%	15%	26%	60%	14%
Part-time	16%	52%	32%	16%	56%	28%

To maintain a sustainable workforce with a well-balanced age group structure, we look to attract the younger generation by reaching out to vocational institutes with internship programmes, sponsorships, and providing more career advancement opportunities. We also adhere to the Tripartite Alliance for Fair and Progressive Employment Practices (“**TAFEP**”) guidelines on reemployment of older employees. We signed the TAFEP Pledge of Fair Employment Practices to adopt the five principles of fair employment practices on 5 July 2018. Although the current statutory retirement age is 63, eligible employees from 64 years old to 69 years old will be offered a re-employment contract on a yearly renewable basis.

During the Reporting Period, there is zero (FY2021: zero) incident of unlawful discrimination against employees.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero incident of unlawful discrimination against employees	Target met as follows: We have zero incident of unlawful discrimination against employees (FY2021: zero incident)	Maintain zero incident of unlawful discrimination against employees

8.10 COMMITMENT TO DATA PRIVACY AND CYBERSECURITY

In this increasingly digital environment we live and work in, technological developments carry significant risks for our privacy and the exercise of human rights in general.

We are committed to the privacy and security of data collected or generated in the course of our operations. Our strategies to protect data are as follows:

Proactive management of personal data

We have appointed a Data Protection Officer and set up a Data Protection Committee to oversee the Personal Data Protection Act (“**PDPA**”) obligations of the Group. The requirements of our PDPA policy form part of our staff induction programme to raise staff awareness on data protection. This policy also applies to our recruitment process whereby the privacy of all applicants is safeguarded and access to personal data is restricted to authorised personnel and senior management on a need-to-know basis.

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Implement cybersecurity measures to protect our data

We take measures to guard against cyber risks for both our internal and external stakeholders. Such measures include regular review of our information security policy, installation of firewalls and restricting the display of full personal data to last four digits on service agreements as well as restricting access to systems that collect and store personal data. In our office, we take precautionary steps such as installing privacy screen on computers that handle personal data and caution employees not to leave sensitive data on desk or printer area.

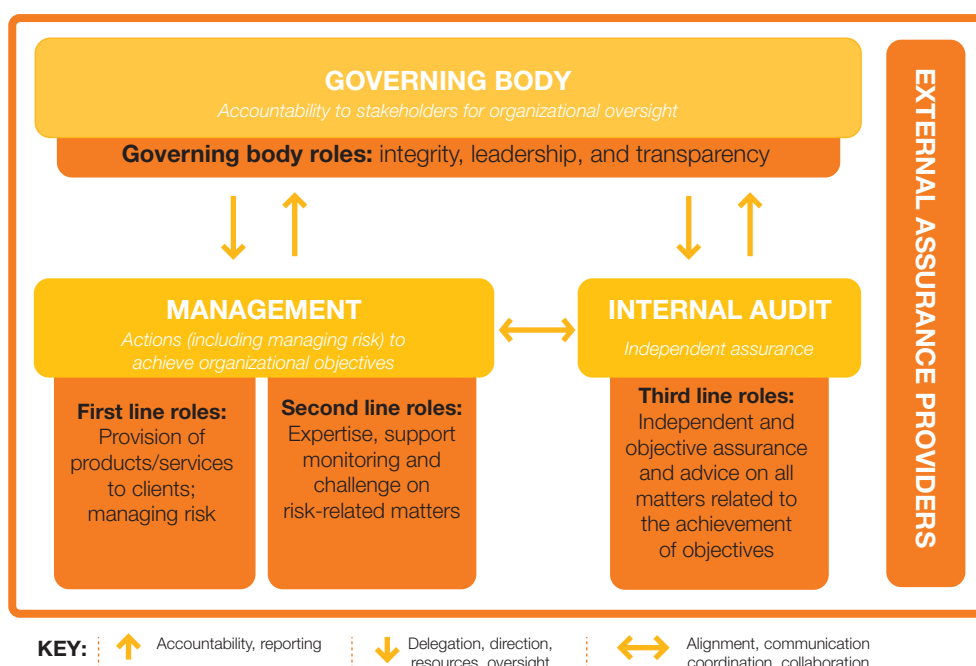
During the Reporting Period, there is zero (FY2021: zero) reported substantiated complaint concerning breaches of customer privacy and violation of regulations.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero incident of substantiated complaint concerning breaches of customer privacy and violation of regulations	Target met as follows: We have no reported substantiated complaint concerning breaches of customer privacy and violation of regulations (FY2021: zero complaint)	Maintain zero incident of substantiated complaint concerning breaches of customer privacy and violation of regulations

8.11 CORPORATE GOVERNANCE AND CODE OF ETHICS

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets and manage risks. We manage risks under an overall strategy determined by the Board and supported by the various Management Risk Committees. The Board and various Management Risk Committees oversee and ensure that such framework is appropriately implemented and monitored.

We aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors ("IIA"). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first and second line roles), internal audit (third line roles) and the relationship among them are defined as follows:



Source: Three Lines Model issued by the IIA

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On risk management, we have in place an enterprise risk management framework (“**ERM Framework**”) to track and manage the risks in which we are exposed. We regularly assess and review our businesses and operational environment to identify and manage emerging and strategic risks that may impact our sustainability. With a positive and proactive attitude, we believe that risks faced by our Group could be converted into opportunities and favourable results.

We believe that our constant drive for corporate excellence will allow us to establish a more transparent, accountable and equitable system, thereby increasing the value of the Group and our value to our stakeholders.

The overall SGTI score assessed by National University of Singapore Business School is 61 for year 2022 (Year 2021: 39). The increase in SGTI signifies an improvement in our corporate governance disclosure and practices.

Our code of conduct clearly spells out our expectations from our staff and consequences if any of the rules are violated or standards not met. In addition, we also have clear and fair grievances procedures stipulated in our grievance resolution policy.

Business ethics are communicated to all our heads of business units regularly and they are fully aware that compliance with rules and regulations is a key part of running a responsible business. We regularly update key staff with developments in international and local regulations.

We prohibit corruption in all forms, including extortion and bribery. This has been made clear to all our employees, our suppliers and our business partners. Our whistleblowing policy provides a mechanism for employees and external parties to report concerns over alleged wrongful acts. The procedures for whistleblowing are also stored in our cloud-storage folders, which are accessible by our employees, and they can file a complaint by emailing the members of the Audit Committee. The follow-up procedures regarding matters raised are also stated and whistle-blowers are assured that all actions in good faith will not affect them in their work and staff appraisals. A fraud management policy is also in place for employees to report suspected fraudulent activities to the Department Head, human resources or any of the management staff anonymously.

During the Reporting Period, we have zero (FY2021: zero) reported corruption incident. We will regularly review policies on whistleblowing and anti-corruption.





You may refer to the Corporate Governance Report of this Annual Report for details for our corporate governance practices.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero incident of corruption	Target met as follows: We have zero incident of corruption (FY2021: zero incident)	Maintain zero incident of corruption





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9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

We have incorporated the SDGs under the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our Sustainability Factors relate to these SDGs:

SDG	Our effort (Sustainability Factor)
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>We implement measures such as safety checks, safety training and job safety guidelines and procedures to provide a hazard-free workplace for our employees and ensure the well-being of both our employees and the working environment. (Section 8.6 Occupational health and safety)</p>
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>We offer our employees extensive on-the-job training and opportunities to attend internal and external workshops as we believe in creating a rewarding working environment for our employees. (Section 8.7 Labour practices and talent management)</p>
 <p>Ensure availability and sustainable management of water and sanitation for all</p>	<p>We implement checks and measures to reduce water wastage, which in turn help us to work towards achieving sustainable management and efficient use of natural resources. (Section 8.3 Water conservation)</p>
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>We implement measures to reduce our energy consumption as not only does it help to improve our energy efficiency, it also helps us to reduce our emissions and save costs incurred to support our business operations. (Section 8.4 Energy conservation and emissions reduction)</p>

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SDG	Our effort (Sustainability Factor)
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Our effort (Sustainability Factor)</p> <ul style="list-style-type: none"> • We place heavy emphasis on customer satisfaction as we understand that a high level of customer satisfaction is essential to the continued success of our business. This also helps to contribute to economic growth as well as the protection and creation of jobs. (Section 8.1 Total customer satisfaction) • We contribute to economic growth through creating long-term value for our stakeholders. (Section 8.2 Sustainable business performance) • We ensure compliance to market standards with regards to the quality and safety of our food as such factors also help us to maintain customer satisfaction and the continued success of our business. This in turn helps to contribute to economic growth and the protection and creation of jobs. (Section 8.8 Customer health and safety)
 <p>Reduce inequality within and among countries</p>	<p>We ensure equal opportunity and pay fairly for all regardless of gender and age by establishing various human resource related policies to facilitate this goal. (Section 8.9 Diversity and equal opportunity)</p>
 <p>Ensure sustainable consumption and production patterns</p>	<p>We implement measures to help prevent and reduce waste that is generated from our business operations. (Section 8.5 Responsible waste management)</p>
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> • We are committed to the privacy and security of data collected or generated in the course of our operations. Our PDPA policy requirements form part of our staff induction programme to raise staff awareness on data protection. We also appointed an officer and set up a committee to oversee PDPA obligations and regularly review our information security policy. (Section 8.10 Commitment to data privacy and cybersecurity) • We are committed to high standards of corporate governance as we believe that a high standard of corporate governance is integral in ensuring sustainability of our businesses as well as safeguarding shareholders' interests and maximising long-term shareholder's value and carry our business with integrity by avoiding corruption in any form. (Section 8.11 Corporate governance and code of ethics)

SUSTAINABILITY REPORT

10. SUPPORTING THE TCFD

We are committed to support the recommendations by the TCFD and has disclosed some of our climate-related financial disclosures in the following key areas as recommended by the TCFD:

Key area	Our approach
Governance	<p>The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic direction and policies.</p> <p>Our sustainability strategy is developed and directed by the Group's Sustainability Committee in consultation with the Board. The Group's Sustainability Committee includes representatives from various support units. The Group's senior management advises the Sustainability Committee in reviewing our sustainability progress. The responsibilities of the Sustainability Committee include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.</p>
Strategy	<p>The climate-related risks and opportunities identified by the Group during the ERM exercise includes the following:</p> <ul style="list-style-type: none"> • With rising concerns over the effects of climate change, key stakeholders such as the regulators and shareholders are demanding climate-related information. Failure to comply with enhanced emissions reporting obligations may lead to adverse impacts on the Group's reputation and financial performance; and • Climate change may lead to environmental risks such as rising temperatures and extreme weather events or natural disasters. In view of the potential environmental risks and the resultant emerging needs for energy efficiency and lower emissions, the Group realises the opportunity to invest in energy-efficient technologies and renewable energy use. You may refer to Section 8.4 for further details on the initiatives adopted by the Group to capitalise on this opportunity. <p>We are currently looking into conducting climate-related scenario analysis consistent with the TCFD's recommendation, wherever possible, using commonly agreed sector/subsector scenarios and time horizons, to anticipate and manage climate change impacts.</p>
Risk management	<p>An ERM framework is in place to guide the Group in the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks.</p> <p>The Group's climate related risks and opportunities are identified and assessed during an ERM exercise. The climate-related risks and their related opportunities and treatment plans are also reviewed and updated during the ERM exercise and are presented to the Audit Committee along with the other Group's key risks. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators.</p>
Metrics and targets	<p>We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management and disclose related metrics in our sustainability report. Monitoring and reporting these metrics help us in identifying areas with key climate-related risks and enabling us to be more targeted in our efforts.</p> <p>To support the climate change agenda, we disclose our Scope 1 and Scope 2 GHG emissions in the Report and set climate-related targets such as those related to energy, GHG emissions, water and waste management. We will continue to monitor our emissions and disclose Scope 3 GHG emissions wherever applicable and practicable.</p>

SUSTAINABILITY REPORT

Appendix 1 Sustainability trends

S/N	Performance indicator	Segment	Sustainability performance		
			FY2022	FY2021	FY2020
Total customer satisfaction					
1	Negative customer review rate	F&B	Less than 1%	Less than 1%	Less than 1%
2	Percentage of brands with positive feedback ratings in excess of 80%	Hospitality	100%	100%	100%
Sustainable business performance					
3	Economic value generated (\$ million)	Group	65.8	60.3	65.4
4	Operating costs (\$ million)		26.2	22.7	20.6
5	Employee benefits expenses (\$ million)		19.9	19.5	19.2
6	Payments to providers of capital (\$ million)		0.3	0.3	0.4
7	Income taxes paid/(refunded) (\$ million)		0.01	0.02	(0.01)
8	Economic value retained (\$ million)		19.4	17.8	25.2
Water conservation					
9	Water consumption (CuM)	F&B	86,633	80,721	100,241
		Hospitality	29,049	31,660	39,150
10	Water consumption intensity (CuM/revenue \$'000)	F&B	1.8	2.0	2.4
11	Water consumption intensity (CuM/occupied room)	Hospitality	0.27	0.28	None ¹⁸
Energy conservation and emission reduction					
12	LPG consumption (kWh)	F&B	5,292,043	4,977,449	6,146,755
13	LPG consumption intensity (kWh/revenue \$'000)	F&B	111.8	121.5	147.0
14	Purchased electricity consumption (kWh)	F&B	2,978,243	3,220,512	3,270,769
		Hospitality	1,414,822	2,480,599	3,134,595

¹⁸ Not available as there is a change in denominator used to compute the intensity.

SUSTAINABILITY REPORT

S/N	Performance indicator	Segment	Sustainability performance		
			FY2022	FY2021	FY2020
Energy conservation and emission reduction					
15	Electricity consumption attributed to renewable source (hydropower) (kWh)	Hospitality	780,469	None ¹⁹	None ¹⁹
16	Total electricity consumption	Hospitality	2,195,292	2,480,599	3,134,595
17	Purchased electricity consumption intensity (kWh/square foot)	F&B	50.7	48.1	46.6
18	Electricity consumption intensity (kWh/occupied room)	Hospitality	20.2	22.1	None ²⁰
19	Scope 1 GHG emissions (tonnes CO ₂ e)	F&B	1,203	1,131	1,397
20	Scope 2 GHG emissions (tonnes CO ₂ e)	F&B	1,200	1,306	1,333
		Hospitality	569	1,005	1,269
21	Total GHG emissions (tonnes CO ₂ e)	F&B	2,403	2,437	2,730
		Hospitality	569	1,005	1,269
22	GHG emissions intensity (tonnes CO ₂ e/revenue \$'000)	F&B	0.051	0.059	0.065
23	GHG emissions intensity (tonnes CO ₂ e/occupied room)	Hospitality	0.005	0.009	None ²⁰
Responsible waste management					
24	Volume of oil waste managed through a licensed oil collector	F&B	8,087kg	10,346kg	12,032kg
Occupational health and safety					
25	Number of work-related fatalities	Group	-	-	-
26	Number of high-consequence work-related injuries		-	-	-
27	Number of recordable work-related injuries		13	9	7
28	Number of recordable work-related ill health cases		-	-	-
Labour practices and talent management					
29	Total training hours (full-time and permanent part-time employees)	Group	69,040	47,733	49,273
30	Average training hours per employee (full-time and permanent part-time employees)		141	92	None ²¹
31	Percentage of confirmed full-time employees who received regular performance and career development reviews (male)		98%	98%	None ²¹
32	Percentage of confirmed full-time employees who received regular performance and career development reviews (female)		97%	97%	None ²¹
33	Percentage of confirmed full-time employees who received regular performance and career development reviews (management)		91%	87%	None ²¹

¹⁹ Not applicable as the Hospitality business only started to procure renewable electricity from the second quarter of FY2022.

²⁰ Not available as there is a change in denominator used to compute the intensity.

²¹ Not available as this is a newly disclosed performance indicator.

SUSTAINABILITY REPORT

S/N	Performance indicator	Segment	Sustainability performance		
			FY2022	FY2021	FY2020
Labour practices and talent management					
34	Percentage of confirmed full-time employees who received regular performance and career development reviews (non-management)	Group	100%	100%	None ²²
35	Ratio of new hire rate by gender (male)		37%	45%	None ²²
36	Ratio of new hire rate by gender (female)		63%	55%	None ²²
37	Ratio of new hire rate by age group (below 30)		46%	43%	None ²²
38	Ratio of new hire rate by age group (30 to 50)		35%	44%	None ²²
39	Ratio of new hire rate by age group (above 50)		19%	13%	None ²²
40	Overall turnover rate of full-time and permanent part-time employees		64%	66%	None ²²
41	Ratio of turnover rate by gender (male)		38%	43%	None ²²
42	Ratio of turnover rate by gender (female)		62%	57%	None ²²
43	Ratio of turnover rate by age group (below 30)		36%	43%	None ²²
44	Ratio of turnover rate by age group (30 to 50)		45%	46%	None ²²
45	Ratio of turnover rate by age group (above 50)		19%	11%	None ²²
46	Number of Non-Compliance Incidents with Manpower Rules and Regulations		-	-	-
Customer health and safety					
47	Number of outlets that received demerit points from SFA	F&B	1	3	1
48	Number of non-compliance incidents with Fire Safety Act	Hospitality	-	-	-

²² Not available as this is a newly disclosed performance indicator.

SUSTAINABILITY REPORT

S/N	Performance indicator	Segment	Sustainability performance		
			FY2022	FY2021	FY2020
Diversity and equal opportunity					
49	Percentage of female in the Board	Group	40%	40%	40%
50	Ratio of female over total employees		59%	59%	None ²³
51	Ratio of female over management staff		44%	51%	46%
52	Ratio of female over non-management staff		62%	60%	None ²³
53	Ratio of female over full-time employees		46%	47%	48%
54	Ratio of female over part-time employees		87%	85%	None ²³
55	Ratio of total employees who are over 50 years old		20%	18%	None ²³
56	Ratio of management staff who are over 50 years old		16%	13%	None ²³
57	Ratio of non-management staff who are over 50 years old		21%	19%	None ²³
58	Ratio of full-time employees who are over 50 years old		15%	14%	9%
59	Ratio of part-time employees who are over 50 years old		32%	28%	None ²³
60	Number of incidents of unlawful discrimination against employees		-	-	-
Commitment to data privacy and cybersecurity					
61	Number of substantiated complaints concerning breaches of customer privacy and violation of regulations	Group	-	-	-
Robust corporate governance framework					
62	SGTI score	Group	61	39	51
63	Number of reported corruption incidents	Group	-	-	-

²³ Not available as this is a newly disclosed performance indicator.

SUSTAINABILITY REPORT

Appendix 2 GRI content index

Statement of use	Katrina Group Ltd. has reported the information cited in the GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organisational details	Cover page, 01, 14, 22, 25, 113, 163-164
	2-2 Entities included in the organisation's sustainability reporting	25
	2-3 Reporting period, frequency and contact point	25-26
	2-4 Restatements of information	None
	2-5 External assurance	25
	2-6 Activities, value chain and other business relationships	24
	2-7 Employees	25
	2-8 Workers who are not employees	We have approximately 24 workers who are not employees in FY2022. They include agency workers who provide cleaning, housekeeping and accounting services, customer service and handle reservations. There is no significant fluctuation in the number of workers who are not employees as compared to FY2021.
	2-9 Governance structure and composition	19-20, 56-58
	2-10 Nomination and selection of the highest governance body	66-70
	2-11 Chair of the highest governance body	19, 61, 64
	2-12 Role of the highest governance body in overseeing the management of impacts	27
	2-13 Delegation of responsibility for managing impacts	27
	2-14 Role of the highest governance body in sustainability reporting	27
	2-15 Conflicts of interest	56
	2-16 Communication of critical concerns	44, 87
	2-17 Collective knowledge of the highest governance body	39, 57, 62-63
	2-18 Evaluation of the performance of the highest governance body	72-73
	2-19 Remuneration policies	74-77
	2-20 Process to determine remuneration	74-77
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.

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GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	11-13, 22-24
	2-23 Policy commitments	43-47
	2-24 Embedding policy commitments	43-44
	2-25 Processes to remediate negative impacts	44, 87
	2-26 Mechanisms for seeking advice and raising concerns	44, 87
	2-27 Compliance with laws and regulations	42-44
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	26
	2-30 Collective bargaining agreements	38
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	27-29
	3-2 List of material topics	28
Sustainable business performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	31-32
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	31
Corporate governance and code of ethics		
GRI 3: Material Topics 2021	3-3 Management of material topics	43-44
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	44
Energy conservation and emissions reduction		
GRI 3: Material Topics 2021	3-3 Management of material topics	33-35
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	34-35
	302-3 Energy intensity	34-35
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	34-35
	305-2 Energy indirect (Scope 2) GHG emissions	34-35
	305-4 GHG emissions intensity	34-35
Water conservation		
GRI 3: Material Topics 2021	3-3 Management of material topics	32-33
GRI 303: Water and Effluents 2018	303-5 Water consumption	32-33
Responsible waste management		
GRI 3: Material Topics 2021	3-3 Management of material topics	36
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	36
	306-3 Waste generated	36

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GRI Standard	Disclosure	Location
Labour practices and talent management		
GRI 3: Material Topics 2021	3-3 Management of material topics	37-39
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	39
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	37
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	38
	404-2 Programs for upgrading employee skills and transition assistance programs	38
	404-3 Percentage of employees receiving regular performance and career development reviews	38
Occupational health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	36-37
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	37
	403-10 Work-related ill health	37
Diversity and equal opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	41-42
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	41-42
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	42
Customer health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	40
Commitment to data privacy and cybersecurity		
GRI 3: Material Topics 2021	3-3 Management of material topics	42-43
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	43

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CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Katrina Group Ltd. (the “**Company**”) are committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”).

This report outlines the Company’s main corporate governance practices that were in place through the financial year ended 31 December 2022 (“**FY2022**”) with reference to the principles set out in the Code of Corporate Governance 2018 (the “**Code**”), the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”) and the new requirements implemented by the SGX-ST taking into effect from 11 January 2023, where applicable to the Company. The Company has complied with the principles and provisions as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and the Guide.

The Group also ensures that all applicable laws, rules and regulations including the Securities and Futures Act 2001 of Singapore (“**Securities and Futures Act**”) and the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) are duly complied with.

BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1

Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Apart from its statutory and fiduciary responsibilities, the primary functions of the Board are to perform their roles and responsibilities laid out under the Code and the Board’s terms of reference.

The primary functions of the Board are as follows:

1. to 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;
2. to establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the company’s assets;
3. to review the performance of Management;
4. to identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
5. to set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
6. to consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

CORPORATE GOVERNANCE REPORT

Provision 1.2

Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

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

All newly appointed Directors will undergo an orientation program to provide them with background information on the Group and industry-specific knowledge.

The Directors may, at any time, visit the Group's restaurants and/or properties under ST Residences and ST Signatures to gain a better understanding of the Group's business.

If regulatory changes have a material impact on either the Group or the Directors, the Management will update the Directors during the Board meetings. The Company Secretary (or her representatives) also briefs the Directors on key regulatory changes, while Ernst & Young LLP ("**EY**"), the Company's external auditors (the "**EA**") briefs the Audit Committee on key amendments to the accounting standards.

The Directors continuously update themselves on new laws, regulations and changing commercial risks. Every Director is also encouraged to seek additional training to further his/her skills in performing his/her duties, including attending classes and/or events organised by the Singapore Institute of Directors.

Provision 1.3

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.

The matters which specifically require the Board's approval or guidance which are laid out under the terms of reference of the Board, are those involving:

- a. Allotment and issuance of new shares of the Company;
- b. Grant of share options under Share Option Scheme, if any;
- c. Issuance of convertible bonds and warrants;
- d. Bank matters including opening of bank accounts, change of bank signatories, acceptance of banking facilities and issuance of corporate guarantees;
- e. Acquisition and realisation of shares in subsidiaries and any other companies;
- f. Major acquisition and disposal of assets and any proposal for investment and divestment of interests;

CORPORATE GOVERNANCE REPORT

- g. Incorporation of subsidiaries, subscription of shares in subsidiaries, capitalisation of loan due from subsidiaries and appointment of corporate representative;
- h. Sales and purchase agreement and any other agreement entered on acquisition or disposal of assets outside ordinary course of business;
- i. Approving announcements, quarterly, half-yearly and year-end financial results announcements for public release;
- j. Conducting general meetings;
- k. Financial and secretarial matters including approval of audited financial statements, Directors' statements, approval of annual capital expenditure, change of registered office and any proposed alteration to the Constitution of the Company; and
- l. Appointment of Directors, Executive Officers, Auditors, Power of Attorney.

The Board's approval is also required on matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, share issuance and dividends.

Provision 1.4

Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.

The Board delegates the implementation of business policies and day-to-day operations to the Chief Executive Officer ("**CEO**"), Mr Alan Goh Keng Chian and the Group's Management team.

The Board has established a Nominating Committee ("**NC**"), a Remuneration Committee ("**RC**") and an Audit Committee ("**AC**") (collectively, the "**Board Committees**") to facilitate the discharge of their respective responsibilities.

Each of the Board Committees has its own terms of reference setting out the scope of its duties and responsibilities, the rules and regulation and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board Committees are actively engaged and play an important role in ensuring good corporate governance of the Group. All recommendations of the Board Committees are subsequently presented and reported to the Board for approval prior to its implementation.

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Provision 1.5

Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The Company is required to release its financial results announcement on quarterly basis commencing from 3rd quarter of FY2022. The Board meets regularly on a quarterly basis. Additional meetings are also held from time to time as may be required to address any significant matters that may arise.

Dates of Board meetings, Board Committee meetings and the annual general meeting ("AGM") are scheduled in advance in consultation with all of the Directors. A Director who is unable to attend the meeting in person is invited to participate in the meeting via telephone or video conference.

The number of Board and Board Committee meetings and the record of attendance of each Director during FY2022 are set out in the table below:

S/N	Name of Director	Board of Directors		Nominating Committee		Remuneration Committee		Audit Committee	
		No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
1	Alan Goh Keng Chian	3	3	1	N/A	1	N/A	3	3 ¹
2	Madaline Catherine Tan Kim Wah	3	2	1	N/A	1	N/A	3	3 ¹
3	Tan Kong King ²	3	1	1	1	1	1	3	1
4	Joan Lau Sau Chee	3	3	1	1	1	1	3	3
5	Tan Juay Hiang	3	3	1	1	1	1	3	3
6	Lam Kwong Fai ³	3	2	1	–	1	–	3	2

Notes:

N/A means not applicable as he or she is not a member of the respective Committees.

¹ by invitation

² Mr Tan Kong King retired as Director of the Company on 29 April 2022.

³ Mr Lam Kwong Fai was appointed as the Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees on 4 May 2022.

The Company's Constitution (the "**Constitution**") provides for meetings of the Directors to be held by means of telephone conference or other simultaneous communication methods in the event when Directors are unable to attend the meetings in person.

The NC has reviewed the multiple board representations of each Director, and noted that the Directors who are holding multiple board representations have been adequately carrying out their duties as Directors of the Company, and have devoted sufficient time and attention to the affairs of the Group.

CORPORATE GOVERNANCE REPORT

Provision 1.6 **Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.**

The Chairman also plays a key role in scheduling meetings that enable the Board to perform its duties, establishing the agenda for the Board meetings, ensuring adequate time is available for discussion, proper conduct of meetings and accurate documentation of the proceedings, encouraging constructive communications within the Board and between the Board and Management, ensuring smooth and timely flow of information between the Board and Management, ensuring effective communication with Shareholders, promoting a culture of openness and debate at the Board, and promoting high standards of corporate governance.

The Directors are provided with complete, adequate and timely information prior to Board and Board Committees meetings to ensure that the Directors have adequate time to review the same and request further explanations, where necessary. These include background and explanations of the meeting materials to the Board and Board Committees, and in respect of projections and financial results, any material variance between the projections and actual results is disclosed and explained.

The Board also receives regular updates from the Management on any significant developments on business initiatives, and industry developments concerning the Group's businesses.

Additional information, documents and materials are provided to the Directors as and when required to enable them to make informed decisions and discharge their duties and responsibilities.

Provision 1.7 **Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.**

The Board has separate and independent access to the Management and the EA at all times at the Company's expense. Queries by individual directors on the Company's developments, management proposals or papers are directed and answered by the Management.

In addition, the Directors, either individually or as a group, are provided with direct access to the Group's independent professional advisors, to seek separate independent professional advice on the Company's affairs or in respect of his fiduciary or other duties, where necessary. The cost of all such professional advice is borne by the Company.

The Directors have separate and independent access to the Company Secretary.

The Company Secretary ensures that applicable rules and regulations are complied with and assists the Board in implementing corporate governance practices.

In addition, the Company Secretary (or her representatives), had attended all Board and Board Committee meetings of the Company in FY2022.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

An “independent director” is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company.

As at the end of FY2022, the Board consisted of one Executive Chairman, one Executive Director and three Independent Directors.

The Board is able to exercise objective judgement on corporate affairs independently and constructively challenge key decisions, taking into consideration the long-term interests of the Group and its shareholders, as Independent Directors comprise 60% of the Board. Further, all Board Committees are chaired by Independent Directors and all members of the Board Committees are Independent Directors.

The Board of Director comprises:

Alan Goh Keng Chian	(Executive Chairman and Chief Executive Officer)
Madaline Catherine Tan Kim Wah	(Executive Director)
Lam Kwong Fai	(Lead Independent Director)
Joan Lau Sau Chee	(Independent Director)
Tan Juay Hiang	(Independent Director)

The NC is responsible for reviewing the independence of each Director based on the provisions set out in the Code. The NC conducts the review annually and requires each Independent Director to submit a confirmation of independence based on the provisions provided in the Code.

For FY2022, based on the confirmation of independence submitted by the Independent Directors and the results of the NC’s review, the NC is satisfied that each Independent Director is independent in accordance with the Code and Catalist Rules 406(3)(d)(i), (ii) and (iv) as the Independent Directors:

- a. are not employed by the Company or any of its related corporations for the current or any of the past three financial years; or
- b. do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC; or
- c. have not been directors of the Company for an aggregate period of more than nine years.

In view of the above, no individual or small group of individuals dominates the Board’s decision making.

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Provision 2.2 **Independent directors make up a majority of the Board where the Chairman is not independent.**

As the Chairman of the Board and the CEO is the same person, the Company has complied with Provision 2.2 of the Code and ensured that majority of the Board comprises Independent Directors.

Provision 2.3 **Non-executive directors make up a majority of the Board.**

The Board comprises five members, three of whom are Non-Executive and Independent Directors. As such, non-executive directors make up a majority of the Board.

Provision 2.4 **The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.**

The Board and the NC regularly examine the Board's size and, with a view to determine the impact of the number upon effectiveness, decide on an appropriate size for the Board, taking into account the scope and nature of the Group's operations. The Board and NC take into account, inter alia, the Directors' contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board's composition is adequate.

As at the end of FY2022, the Board comprises Directors who possess the identified core skills & experience. In particular, the Board comprises of Directors who have skills, expertise and knowledge across core competencies in accounting, finance, strategic planning, hospitality, business management and food and beverages industry knowledge. This diversity facilitates constructive debate on the business activities of the Company and enables the Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board to facilitate independent and effective decision-making in the best interests of the Company.

As at the date of this report, the Company has formalised and adopted a Board Diversity Policy ("**Policy**") that addresses diversity in terms of experience, skills, gender, age, tenure, and qualities, as well as any other relevant aspects of diversity. The Policy also sets out the approach which the Company takes towards diversity on its Board. The Company believes in diversity and values the benefits diversity can bring to the Board in its deliberations and the Board's effectiveness – in particular, it believes that a balance and mix of skills, experiences and individual attributes of Board members which shape the composition and promote the effectiveness of the Board as a whole and that of the Board committees, will support the Company's achievement of strategic objectives and long-term sustainable development and success.

The Board observes and applies the Policy to ensure that the Board will have an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. In this regard, the Board, supported by the NC, encourages the emergence of diverse candidates by ensuring that the Board is made up of a diversity of candidates (including consideration of a diversity of skills, knowledge, experience, gender, ethnicity and age).

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The NC and the Board review and determine the target, plan and timeline as well as progress being made thereof towards achieving each of the Board diversity aspect on an annual basis or as and when circumstances require, taking into consideration how the combination of attributes, skills and expertise of directors can continue to complement and enhance the efficacy and serve the current and future needs of the Company.

As at the end of FY2022 and the date of this report, the Board comprises two (2) female Directors, namely (i) Ms Madaline Catherine Tan Kim Wah, our executive director and (ii) Ms Joan Lau Sau Chee who was appointed as an independent Board member since 1 May 2019 and she is also the Chairman of the RC and a member of the AC and NC. As the incumbent Board comprises three (3) male Directors and two (2) female Directors, female Directors represent 40% of the Board. In addition, the Board comprises a good mix of Directors across the age group of 40's to 70's.

The Board, taking into account the views of the NC, considers that the current composition of the Board and Board committees comprise a balance and mix of skills, experiences and individual attributes which promote the effectiveness of the Board as a whole and that of its Board committees. During the financial year under review, the Board has maintained its policy, in relation to skills & experiences, gender, age and tenure diversity of the Directors.

The Board is therefore of the view that it has achieved its target of achieving diversity on its Board.

The key information of the Directors, including their appointment dates, academic and professional qualifications, principal commitment(s) and directorships in other listed company(ies) are set out on pages 19 to 20 and 69 to 72 of this annual report

Provision 2.5

Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

The Independent Directors confer regularly with the Executive Directors and Management to develop strategies for the Group, review the performance of Management, assess remuneration and discuss corporate governance matters.

The Group's Independent Directors had held periodic discussions without the presence of Management in FY2022.

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

The Chairman and the Chief Executive Officer (“CEO”) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

The Chairman and the CEO is the same person. The Board is of the view that it is the best interest of the Group to adopt a single leadership structure at this point in its development. This is to ensure the decision-making process of the Group would not be unnecessarily hindered.

All major proposals and decisions on the matters listed under Provision 1.3, made by the Chairman and CEO are discussed and reviewed by the Board as a whole. The Board is of the view that there is adequate accountability and transparency as Independent Directors make up 60% of the Board. The Board is able to exercise its power objectively and independently from Management. No individual or small group of individuals dominates the Board’s decision making.

Provision 3.2

The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

Although the Chairman and the CEO is the same person, the role of the Chairman is separate from that of the CEO and there is a clear division of responsibilities between the Chairman and CEO under the term of reference of the Board.

In addition, the Board has reserved the matters which specifically require the Board’s approval or guidance which are laid out under the terms of reference of the Board. These are to ensure an appropriate balance of power, increased accountability and greater capacity for the Board in terms of independent decision making.

The Chairman is primarily responsible for the effective working of the Board while overseeing the overall Management, strategic planning and business development of the Group. His responsibility include, amongst other, the following:

- effective working of the Board;
- schedule meetings to enable the Board to perform its duties and responsibilities;
- prepare agenda of meetings and ensure adequate time is available for discussion of all agenda items;
- ensure proper conduct of meetings and accurate documentation of the proceedings;
- encourage constructive relations within the Board and between the Board and Management;
- ensuring the smooth and timely flow of information between the Board and management;

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- ensure effective communication with shareholders;
- promote a culture of openness and debate at the Board; and
- promote high standards of corporate governance.

The CEO has overall responsibility over the business operations of the Group and day-to-day management of the Company, organisational effectiveness and implementation of Board policies. The CEO may delegate aspects of his authority or power but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units. His responsibility include, amongst other, the following:

- develop strategic direction of the Group;
- implement Board policies;
- ensure the efficiency and effectiveness of the operations of the Group;
- assess business opportunities which are of potential benefit to the Group;
- regularly review the heads of divisions who are responsible for all functions contributing to the success of the Group;
- monitor performance results against plans; and
- take remedial action, where necessary

Provision 3.3

The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

As the Executive Chairman and CEO is the same person, the Company has appointed Mr Lam Kwong Fai as the Lead Independent Director of the Company.

Mr Lam Kwong Fai avails himself to address shareholders' concerns and acts as a counterbalance in the decision-making process. Shareholders with concerns may contact him directly through the whistle-blowing email at auditcommittee@katrinagroup.com, in the event that contact through the normal channels via the Chairman and the Management has not provided the shareholders with satisfactory resolution, or when such normal channels of communication are not appropriate. Where necessary, the Lead Independent Director will chair meetings without involvement of the Executive Directors and provide feedback to the Chairman of the Board, to aid and facilitate well-balanced viewpoints on the Board.

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BOARD MEMBERSHIP

Principle 4

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

The Board establishes a NC to make recommendations to the Board on relevant matters relating to:

- a. the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- b. the process and criteria for evaluation of the performance of the Board, its board committees and directors;
- c. the review of training and professional development programmes for the Board and its directors; and
- d. the appointment and re-appointment of directors (including alternate directors, if any).

The NC, which terms of reference are approved by the Board, comprises three Independent Directors. The NC meets at least once a year. In addition, the NC also reviews the process and criteria for evaluation of the performance of the Board committees and directors.

Nominating Committee comprises:

Tan Juay Hiang	(Chairman, Independent)
Lam Kwong Fai	(Member, Independent)
Joan Lau Sau Chee	(Member, Independent)

The responsibilities of the NC, based on the written terms of reference, are as follows:

1. regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendation to the Board with regard to any changes;
2. make recommendations to the Board on all board appointments having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);
3. determine annually whether a Director is independent;
4. decide whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations. Where possible, the NC shall formulate internal provisions that can address the competing time commitments that are faced when directors serve on multiple boards;

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5. decide on how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, that allow comparison with its industry peers, should be approved by the Board and address how the Board has enhanced long term Shareholders' value. These performance criteria should not be changed from year to year and where circumstances deem necessary for any of the criteria to be changed, the onus should be on the Board to justify such changes;
6. give full consideration to succession planning for directors, in particular, the Chairman and CEO and recommend to the Board;
7. review the results on Board performance evaluation process that relate to the composition of the Board;
8. review the process and criteria for evaluation of the Board's committees and directors;
9. review and make recommendation to the Board concerning membership of the various Board Committees, in consultation with the Chairmen of those Committees; and
10. review training and professional development programs for the Board.

In accordance with the Constitution, one-third of the Directors (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at every AGM of the Company. Any Director appointed by the Board during the financial year shall hold office only until the next AGM. A retiring Director shall be eligible for re-election.

The NC makes recommendations to the Board on all Board appointments and on the composition of Executive and Independent Directors of the Board. It is also charged with re-nominating directors who are retiring by rotation as well as determining annually whether or not a director is independent.

Pursuant to Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to the Company's Constitution, at each AGM, at least one-third of the Directors for the time being, or if their number is not three or multiple of three, then the number nearest to one-third but not less than one-third shall retire by rotation and such retiring Director shall be eligible for re-election. In addition, new Directors appointed during the financial year, either to fill a casual vacancy or as an additional Director, are required to submit themselves for re-election at the next AGM.

Accordingly, the NC has recommended to the Board that Mr Alan Goh Keng Chian and Mr Lam Kwong Fai ("**Retiring Directors**") be nominated for re-election at the Company's forthcoming AGM.

Mr Tan Juay Hiang, an Independent Director of the Company who is also subject to retirement by rotation at the forthcoming AGM has indicated to the NC and the Board of his decision of not seeking re-election at the AGM. Mr Tan Juay Hiang will retire as an Independent Director of the Company and concurrently relinquish his roles as Chairman/member of the Board Committees of the Company at the conclusion of the AGM.

The details of the retiring Directors seeking re-election are set out on pages 94 to 101 of this Annual Report.

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Provision 4.2 **The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.**

The NC currently comprises three members, all of whom are Independent Directors. The Lead Independent Director is a member of the NC.

Provision 4.3 **The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.**

When the need for a new director is identified, either to replace a retiring director or to enhance the Board's capabilities, the NC will make recommendations to the Board regarding the identification and selection of suitable candidates based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration.

The NC, after completing its assessment, meets with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations to the Board for approval.

The Board had at the recommendation of the NC, on 4 May 2022, approved the appointment of Mr Lam Kwong Fai as the Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees of the Company.

For the board nomination process for re-electing incumbent Directors, please refer to Provision 5.2.

Provision 4.4 **The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.**

A Director who has no relationship with the Company, its related corporation, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement, is considered to be independent.

The NC conducts an annual review of Directors' independence based on the provisions set forth in the Code and Catalyst Rule 406(3)(d). For FY2022, the NC has reviewed and concluded that all the Independent Directors namely Mr Lam Kwong Fai, Ms Joan Lau Sau Chee and Mr Tan Juay Hiang are independent. Please refer to Provision 2.1 for more details.

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Provision 4.5

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

Newly appointed Directors with no prior experience as director of SGX-listed company will undergo and complete the trainings in the roles and responsibilities of a director of a listed company in Singapore as prescribed by the SGX-ST at Singapore Institute of Directors (“SID”) within one year from the date of his appointment to the Company as well as in other relevant areas at the expense of the Company.

For FY2022, other than Mr Lam Kwong Fai, no other new director was appointed on the Board. Mr Lam Kwong Fai sits on the board of other SGX-listed companies and has the relevant experiences as a director of a SGX-listed company.

The Directors date of first appointment and last election are as follows:

S/N	Name of Director	Date of Appointment	Date of Last Election
1	Alan Goh Keng Chian	31 March 2016	26 June 2020
2	Madaline Catherine Tan Kim Wah	31 March 2016	30 April 2021
3	Joan Lau Sau Chee	1 May 2019	29 April 2022
4	Tan Juay Hiang	11 December 2020	30 April 2021
5	Lam Kwong Fai	4 May 2022	N.A. Mr Lam Kwong Fai will be subject to re-election at this AGM to be held on 28 April 2023

Details of the Directors' academic and professional qualifications and other relevant information are set out on pages 19 to 20 of this Annual Report.

Key information regarding the Retiring Directors who have been nominated for re-election as Directors of the Company are set out on pages 94 to 101 of this Annual Report.

All Directors declare their board memberships as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as Directors of the Group.

In assessing the capacity of the Directors, the NC takes into consideration the expected and/or competing time commitments of the Directors, size and composition of the Board, and nature and scope of the Group's operations and size.

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The Company does not have any alternate directors.

The NC has reviewed and is satisfied that the Directors with multiple board representations are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and their principal commitments of those Directors. Currently, the NC does not determine the maximum number of listed company Board representations which a Director may hold as the NC is of the view that it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The Board and the NC will review the requirement to determine the maximum number of listed Board representations as and when they deem fit.

A list of the directorships in other listed companies and other principal commitments of each current Director as at the date of this Annual Report is set out below:

Name of Directors	Directorships in other listed company and other principal commitments	
	Present	Past (for the last 5 years)
Alan Goh Keng Chian	<u>Directorship in other listed company</u> N.A. <u>Other principal commitments</u> Katrina Holdings Pte Ltd Bali Thai Food Catering Pte. Ltd. Tomo Izakaya Pte. Ltd. Katrina International Pte. Ltd. ST Hospitality Pte. Ltd. SOPL 1 Pte. Ltd. SO Services Pte. Ltd.	<u>Directorship in other listed company</u> N.A. <u>Other principal commitments</u> Bayang At The Quay Pte. Ltd.* Renn Thai Pte. Ltd.* Collective Ventures Pte. Ltd.* SOPL 2 Pte. Ltd.* Royal Perak Pte. Ltd. * struck off
Madaline Catherine Tan Kim Wah	<u>Directorship in other listed company</u> N.A. <u>Other principal commitments</u> Katrina Holdings Pte Ltd Bali Thai Food Catering Pte. Ltd. Katrina International Pte. Ltd.	<u>Directorship in other listed company</u> N.A. <u>Other principal commitments</u> Bayang At The Quay Pte. Ltd.* Renn Thai Pte. Ltd.* * struck off

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Name of Directors	Directorships in other listed company and other principal commitments	
	Present	Past (for the last 5 years)
Joan Lau Sau Chee	NIL	NIL
Tan Juay Hiang	<p><u>Directorship in other listed company</u></p> <p>Daiwa House Asset Management Asia Pte. Ltd.#</p> <p># listed on SGX-ST</p> <p><u>Other principal commitments</u></p> <p>Homebuy Solutions Private Limited</p> <p>Homebuy Solutions Two Private Limited</p> <p>Toby's Trove Pte. Ltd.</p> <p>Emmaus Asset Management Pte. Ltd.</p> <p>Lombard Standard (HK) Limited</p>	<p><u>Directorship in other listed company</u></p> <p>N.A.</p> <p><u>Other principal commitments</u></p> <p>Armenian Office Pte. Ltd.</p> <p>Ascendas Asia Fund Management Pte. Ltd.</p> <p>Ascendas Malaysia Investments Pte. Ltd.*</p> <p>Ascendas India Development Trust Pte. Ltd.</p> <p>Ascendas India Development II Pte. Ltd.*</p> <p>Dover AID V Pte. Ltd.</p> <p>Ascendas India Development VII Pte. Ltd.</p> <p>Ascendas India Development II Phase 1 Pte. Ltd.*</p> <p>Ascendas Japan Pte. Ltd.</p> <p>Ascendas Hospitality Fund Management Pte. Ltd.</p> <p>Ascendas Hospitality Japan 2 Pte. Ltd.</p> <p>Ascendas Hospitality Japan 3 Pte. Ltd.</p> <p>Ascendas Hospitality Trust Management Pte. Ltd.</p> <p>Beijing Sanyuan Hospitality Pte. Ltd.</p> <p>Ascendas India Joint Investments Co Pte. Ltd.</p> <p>Ascendas Hospitality Australia Investments Pte. Ltd.</p> <p>Ascendas Namba 1 Pte. Ltd.</p> <p>Ascendas Namba 2 Pte. Ltd.</p> <p>Ascendas Namba 3 Pte. Ltd.</p> <p>Ascendas Hospitality MTN Pte. Ltd.</p> <p>OS Global Capital Pte. Ltd.</p> <p>* struck off</p>

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Name of Directors	Directorships in other listed company and other principal commitments	
	Present	Past (for the last 5 years)
Lam Kwong Fai	<u>Directorship in other listed company</u> Capital World Limited China Kunda Technology Holdings Limited Soon Lian Holdings Limited <u>Other principal commitments</u> Alder Corporate Services Pte. Ltd.	<u>Directorship in other listed company</u> Medtecs International Corporation Limited Sevens Atelier Limited (formerly known as Pan Asian Holdings Limited) OEL (Holdings) Limited D'Nonce Technology Bhd

BOARD PERFORMANCE

Principle 5

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

The NC assesses the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board on an annual basis.

Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria as set out under Provision 5.2. The Board and the NC believe that the financial indicators are mainly used to measure the Management's performance and hence are less applicable to the Directors.

Provision 5.2

The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

The NC had conducted the Board's performance evaluation as a whole for FY2022 together with the performance evaluation of the NC, RC and AC. The performance criteria for the Board and Board Committees' evaluation, as determined by the NC, cover the following areas:

- a. Board Composition and Structure;
- b. Conduct of Meetings;

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- c. Corporate Strategy and Planning;
- d. Risk Management and Internal Control;
- e. Measuring and Monitoring Performance;
- f. Training and Recruitment;
- g. Compensation;
- h. Financial Reporting;
- i. Chairman of the Board;
- j. Board Committees; and
- k. Communication with Shareholders.

The abovementioned performance criteria do not change from year to year.

The NC also conducted individual Directors' assessment. The assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, the intensity and quality of participation at meetings, contribution to the decision-making procedures, compliance with the Company's policies and procedures, and disclosure of interests. The NC and the Board have relied on the abovementioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

The replacement of a Director, when it occurs, does not necessarily reflect the Director's performance, but may be driven by the need to align the Board with the needs of the Group.

All the Directors have completed the individual Directors' assessment forms for FY2022 and the summary of the individual Directors' assessment was circulated to the members of NC for their review. Areas for improvement were suggested by the NC before submitting to the Board for discussion. The NC has reviewed and is satisfied that each Director has contributed effectively and demonstrated commitment to their respective roles, including commitment of time for the Board and Board Committee meetings and any other duties in FY2022.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance and/or re-nomination as a Director.

No external facilitator was engaged by the Company in FY2022.

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REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

The Board establishes a RC to review and make recommendations to the Board on:

- a. a framework of remuneration for the Board and key management personnel; and
- b. the specific remuneration packages for each director as well as for the key management personnel.

The RC, which terms of reference are approved by the Board, comprises three members, all of whom are Independent Directors. The RC meets at least once a year.

The RC reviews and makes recommendations to the Board on the framework of remuneration packages and policies applicable to the CEO, Directors and key management personnel.

The RC reviews the remuneration packages and employment contracts of the CEO, Directors and key management personnel in order to attract and retain capable executives through competitive compensation. The RC recommends for the Board's endorsement, a framework of compensation that covers aspects of remuneration including Directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each Director, the CEO and key management personnel.

Provision 6.2

The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

The RC comprises three members, all of whom including the RC Chairman are non-executive and Independent Directors.

Joan Lau Sau Chee	(Chairman, Independent)
Lam Kwong Fai	(Member, Independent)
Tan Juay Hiang	(Member, Independent)

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The functions of the RC are as follows:

1. review and recommend the framework of remuneration for the Executive Directors and key management personnel with a view to structure the remuneration for the Executive Directors and key management personnel so as to link rewards to group or corporate and individual performance, to align their interests with those of Shareholders and give these Directors keen incentives to perform at the highest levels;
2. review the terms of appointment and remuneration of the Executive Directors and key management personnel of the Company, including termination terms and when deem appropriate to make any recommendation in relation thereto;
3. review and recommend to the Board the terms of renewal for those Executive Directors and key management personnel whose current employment will expire or had expired;
4. review the remuneration of employees who are related to Directors or Substantial Shareholders annually to ensure that their remuneration package are in line with the Company staff remuneration provision and to commensurate with their respective job scope and level of responsibility;
5. review the compensation package of the Non-Executive Directors;
6. consider the various disclosure requirements for Director's remuneration, particularly those required by regulatory bodies such as the Singapore Exchange Securities Trading Limited, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;
7. retain such professional consultancy firm as the committee may deem necessary to enable it to discharge its duties hereunder satisfactorily;
8. consider long-term incentives schemes for Executive Directors and key management personnel and review eligibility for benefits of Executive Directors and key management personnel under long-term incentive schemes;
9. function as the committee referred to in the KGL Performance Share Plan (the "**KGL PSP**") and shall have all the powers as set out in the KGL PSP; and
10. carry out such other duties as may be agreed to by the RC and the Board.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of each individual Director and the key management personnel. The recommendations of the RC are submitted for endorsement by the Board. Each member of the RC shall abstain from voting on any resolution in respect of his or her own remuneration package.

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Provision 6.3 **The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.**

The RC reviews all aspects of remuneration, including the Company's obligations arising from termination clauses and termination processes in relation to the Executive Directors' and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

Provision 6.4 **The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.**

No remuneration consultants were engaged by the Company during FY2022. The RC and the Board were of the view that the Company does not need to engage remuneration consultants as the remuneration for Executive Directors are based on their respective renewed service agreements. The remuneration for the key management personnel are based on the signed employment contracts as recommended by Management.

The RC may consider seeking external expert advice and data, as and when necessary, to assist in the evaluation of its compensation recommendations. None of the RC members or Directors are involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him/her or someone related to him/her.

LEVEL AND MIX OF REMUNERATION

Principle 7

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1 **A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.**

In reviewing and determining the remuneration packages of the Executive Directors and the key management personnel, the RC considers the Executive Directors' and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages. An appropriate proportion of their remuneration is linked to individual and corporate performance and is aligned with the interests of Shareholders.

The performance criteria used to assess the remuneration of Executive Directors is based on the profitability of the Group, leadership, as well as the Executive Directors' and key management personnel compliance in all audit matters. There are currently no long-term incentives for the Executive Directors and key management personnel.

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Executive Director does not receive director's fees. The remuneration policy for Executive Director and key management personnel consists of fixed cash component and an annual variable component. The fixed component includes salary, CPF contributions, annual wage supplement (for the Executive Directors) and other allowances. The variable component comprises bonus and profit sharing, payable on the achievement of corporate and individual performance targets. Executive Directors have allowances and other benefits. The annual wage supplement has been stopped since 30 June 2022.

The Company has entered into a service agreement with the Executive Directors, Mr Alan Goh Keng Chian and Ms Madaline Catherine Tan Kim Wah. The service agreement can be terminated by either party giving not less than six months' notice and both parties have the option to pay salary in lieu of any required period of notice. The Executive Directors' service agreements do not contain onerous removal clauses.

The Executive Directors had in 2021 voluntarily taken a 50% pay reduction in their basic salary to combat the business effects of the COVID-19 pandemic. The basic salary of the Executive Directors were reinstated since 1 January 2022.

The Company had no long-term incentive schemes during FY2022.

Provision 7.2

The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

No Independent Directors have service agreements with the Company. They are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Independent Directors are subject to approval by Shareholders at each AGM thereby ensuring that their independence is not compromised.

Each member of the RC abstains from deliberating on or making recommendations in respect of any proposed amounts to be paid by the Company to him/her.

The schedule of annual fees for Independent Directors being proposed to Shareholders are set out on page 78 of this Annual Report.

Provision 7.3

Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

Based on the service agreements of the Executive Directors, the Board will use contractual provisions or other measures to reclaim the incentives or any related payments from the parties involved should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group.

Save as provided in the service agreements of the Executive Directors, there are currently no incentive schemes for the Executive Directors and key management personnel.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION

Principle 8

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- a. each individual director and the CEO; and
- b. at least the top five key management personnel (who are not directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.

Please refer to the table below which sets out remuneration details for the Directors as well as the approximate percentage breakdown of the remuneration during FY2022.

Remuneration of Directors of the Company

Name of Director	Salary ¹ (%)	Directors'		Total (%)
		Fees (%)	Allowance and other benefits (%)	
\$500,000 to below \$750,000				
Alan Goh Keng Chian	97.9	–	2.1	100.0
Madaline Catherine Tan Kim Wah	98.4	–	1.6	100.0
Below \$250,000				
Tan Kong King ²	–	100.0	–	100.0
Joan Lau Sau Chee	–	100.0	–	100.0
Tan Juay Hiang	–	100.0	–	100.0
Lam Kwong Fai ³	–	100.0	–	100.0

Notes:

- ¹ The salary includes any fixed bonus and performance related variable bonus, is inclusive of Central Provident Fund ("CPF"), all fees other than Directors' fees and other emoluments.
- ² Mr Tan Kong King retired as a Director of the Company on 29 April 2022.
- ³ Mr Lam Kwong Fai was appointed as Director of the Company on 4 May 2022.

CORPORATE GOVERNANCE REPORT

The Company has disclosed each Director's and the CEO's remuneration in bands of \$250,000 and provided a further detailed breakdown of the remuneration in percentage terms into fixed salary, allowance and benefits-in-kind. The Company believes that it is sufficient to provide Shareholders with insight into the level of compensation of the Directors and the links between the Directors' remuneration and their performance.

The Company only has two key management personnel (who are not Directors or the CEO) during FY2022 and the remuneration are set out in bands of \$250,000.

The table below shows the remuneration details of the key management personnel of the Group, who are not directors as well as the approximate percentage breakdown of the remuneration during FY2022.

The remuneration details of the Executive Directors who are key management personnel are contained in the earlier table.

Remuneration of Key Management Personnel

Name of Key Management Personnel	Salary ¹ (%)	Allowance and other benefits (%)	Total (%)
Below \$250,000			
Andreas Lorenz ²	100.0	–	100.0
Neo Lay Fen	100.0	–	100.0

Notes:

¹ The salary includes any performance related variable bonus and is inclusive of CPF.

² Mr Andreas Lorenz was promoted to Chief Operating Officer of ST Hospitality Pte. Ltd. and its subsidiaries effective 15 July 2022.

The total remuneration of each Director, Executive Directors, and key management personnel has not been disclosed in dollar terms given the sensitivity of remuneration matters and competitive reasons. There were no terminations, retirement or post-employment benefits granted to Directors, Executive Directors, and key management personnel in FY2022.

The Company does not have a share option scheme. The Company has adopted a performance share plan, the KGL PSP, which was approved by Shareholders on 23 June 2020. Please refer to the disclosure under Provision 8.3 for more details.

The Board is of the view that it is in the best interests of the Company and the Group to keep confidential for the remuneration of the key management personnel (who are not Directors or the CEO) as the disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in.

CORPORATE GOVERNANCE REPORT

Provision 8.2

The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds \$100,000 during the year, in bands no wider than \$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

Please refer to the table below for remuneration bands and details of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or the substantial shareholder of the Company during FY2022.

Name of Employees	Salary ¹ (%)	Allowance and other benefits (%)	Total (%)
Below \$100,000			
Donovan Goh Shen Shu ²	100.0	–	100.0
Krystal Goh Shu Yan ²	100.0	–	100.0

Notes:

¹ The salary includes any performance related variable bonus and is inclusive of CPF.

² Mr Donovan Goh Shen Shu and Ms Krystal Goh Shu Yan are the son and daughter of Mr Alan Goh Keng Chian ("Mr Alan Goh") and Ms Madaline Catherine Tan Kim Wah ("Ms Catherine Tan"). Mr Alan Goh is the Executive Chairman and CEO whereas Ms Catherine Tan is the Executive Director of the Company. Both Mr Alan Goh and Ms Catherine Tan are also the substantial shareholder of the Company.

Save as disclosed above, there was no employee of the Group who is a substantial shareholder of the Company or an immediate family member of any Director, the CEO or the substantial shareholder and whose remuneration exceeds \$100,000 in FY2022.

Provision 8.3

The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

The Company has adopted a performance share plan, the KGL PSP, which was approved by Shareholders on 23 June 2020. The KGL PSP is introduced to promote higher performance goals, recognise exceptional achievement and retain key directors and employees within the Group. The Company had on 5 January 2022 granted the share award for 960,000 new ordinary shares to Mr Goh Keng Hong, the former Chief Operating Officer of ST Hospitality Pte. Ltd., who is the brother of Mr Alan Goh Keng Chian, the Executive Director and CEO of the Company. Other than the 960,000 shares issuance, there has been no new shares awarded under the KGL PSP during FY2022. Please refer to the table below for details.

CORPORATE GOVERNANCE REPORT

Name of participant	Award granted during financial year under review (including terms)	Aggregate Award granted since commencement of scheme to end of financial year under review	Aggregate Award exercised since commencement of scheme to end of financial year under review	Aggregate Award outstanding as at end of financial year under review
Mr Goh Keng Hong	960,000	960,000	960,000	–

The Company's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Executive Directors and key management personnel to achieve the Company's business vision and create sustainable value for its stakeholders.

The remuneration policy adopted by the Group comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component is in the form of a bonus and depends on the relative performance of the Company and the performance of each individual Executive Director and key management personnel, allowing for the alignment of their interests with that of Shareholders. Fixed bonuses are paid to the Executive Directors until 30 June 2022, following which only variable bonuses are paid to them. There are no fixed bonuses to be paid to the key management personnel but only variable bonus in FY2022. The Executive Directors do not receive additional Directors' fees from the Company and its subsidiaries if they are appointed to the Board.

The performance criteria used to assess the remuneration of Executive Directors is based on the profitability of the Group, leadership, as well as the Executive Directors' and key management personnel compliance in all audit matters. There are currently no long-term incentives for the Executive Directors and key management personnel.

Please refer to Provision 8.1 for further details regarding the Executive Directors' and key management personnel's remuneration.

The Independent Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort, time spent and the individual responsibilities of the respective Directors. The Directors' fees are recommended by the RC and endorsed by the Board for approval by Shareholders of the Company at the AGM. Each member of RC abstains from making recommendation on his/her remuneration.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

The Board is responsible for governance of risk management, and determining the Group's levels of risk tolerance and risk policies. The Board consults with the EA and Internal Auditors ("IA") to determine the risk tolerance level and corresponding risk policies.

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the interests of the Group's assets. The AC assisted the Board and commissioned BDO Advisory Pte. Ltd. during FY2022 to facilitate the development of a risk management framework ("ERM") for the Group. An ERM exercise was performed by the Company in FY2022 involving seven middle and senior managers of the Group. All key operating entities of the Group, except for the less active or dormant entities, were covered. Different risks were identified under the five main risk categories of financial, operational, compliance, market, and external risks through preceding risk interviews with Management personnel and the AC. These risks are measured in two dimensions, likelihood and impact. The top 10 risks of the Group were identified for further monitoring by the Management.

The Group recognises risk management as an ongoing collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. The Board has formed a Management Risk Committee comprising the CEO and senior management of the Company (i.e. the Chief Financial Officer, Operations Director (F&B), Chief Operating Officer (Hospitality), Human Resource Director, Chief Technology Officer and Marketing Manager) to assume the responsibilities of the risk management function. The Management Risk Committee assess and review the Group's business and operational environment to identify areas of significant financial, operational, compliance and information technology risks annually. The AC was tasked by the Board to oversee the ERM process including the Management Risk Committee.

In relation to the URA Investigation as announced by the Company in June and July 2022, the Investigation is still ongoing and no charges have been filed against the Group nor any of the Relevant Persons (as defined in the announcements). The Group is cooperating with the Investigation and will make further announcement(s) as and when there are material developments on this matter. The Group will also work towards strengthening its internal controls for the Hospitality segment.

CORPORATE GOVERNANCE REPORT

Provision 9.2 The Board requires and discloses in the company's annual report that it has received assurance from:

- a. the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
- b. the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The Board has reviewed the assurance from the CEO and the CFO that for FY2022 and up till the date of this Annual Report, that:

- a. The financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- b. The Company's risk management and internal control systems are adequate and effective.

AUDIT COMMITTEE

Principle 10

The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1 The duties of the AC include:

- a. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;
- b. reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;
- c. reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- d. making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- e. reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and
- f. reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

CORPORATE GOVERNANCE REPORT

The Board is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities. The AC Chairman, Mr Lam Kwong Fai and Mr Tan Juay Hiang, have the relevant accounting or related financial management background, expertise or experience, as the Board interprets such qualification in its business judgement.

The Audit Committee comprises:

Lam Kwong Fai	(Chairman, Independent)
Joan Lau Sau Chee	(Member, Independent)
Tan Juay Hiang	(Member, Independent)

The AC performs the following main functions:

1. review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
2. review the audit plan of the EA;
3. review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the EA, and to review with the EA, his audit report;
4. review the nature and extent of such services, where the EA also supply a substantial volume of non-audit service to the Company;
5. review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;
6. review the assistance given by the Company's officers to the EA and IA;
7. review the independence of the EA and IA annually;
8. consider the appointment, re-appointment and removal of the EA and approve the remuneration and terms of engagement of the EA;
9. review and discuss with the EA any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Company's response and at appropriate times, report the matter to the Board and to the Sponsor;
10. ensure that the internal audit function is adequately resourced and has appropriate standing within the Company. For the avoidance of doubt, the internal audit function can be either in-house, outsourced to a reputable accounting/auditing firm or performed by major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;
11. review with the IA, his evaluation of the system of internal accounting controls;

CORPORATE GOVERNANCE REPORT

12. review the adequacy, effectiveness, independence, scope and results of the audit and objectivity of the internal auditor, and to review with the internal audit, his audit report;
13. review the scope and results of the internal audit procedures;
14. annually ensure the adequacy of the audit function;
15. ensure that a review of the adequacy and effectiveness of the Company's internal controls, including financial, operational and compliance controls, and risk management is conducted at least annually;
16. meet with the EA and IA without the presence of the Management at least once a year;
17. commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal weakness (if any);
18. review interested person transactions and potential conflicts of interest;
19. commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/or financial position;
20. review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;
21. undertake such other reviews and projects as may be requested by the Board, and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
22. undertake such other functions and duties as may be required by the legislation, regulations or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time; and
23. (a) monitoring the Company's risk of becoming subject to, or violating, any sanctions-related law or regulation; and (b) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities, and to include an assessment on whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the issuer and continuous monitoring of the validity of the information provided to shareholders and SGX-ST.

CORPORATE GOVERNANCE REPORT

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of the Management and full discretion to invite any Director or key management personnel to attend its meetings. The AC has reasonable resources to enable it to discharge its duties properly.

The AC meets at least three times in FY2022 to review the quarterly financial results announcements of the Group and the audited annual financial statements, SGXNET announcements and all related disclosures to shareholders before recommending the same to the Board for approval. In the process, the AC reviews the basis and reasoning of the Management in the preparation of the financial statements, critical accounting policies and any significant changes that would have an impact on the Company's financials.

The AC evaluates on a yearly basis the adequacy and effectiveness of the internal controls including risk management system, financial, operational, compliance and information technology controls and regulatory compliance of the Group through discussion with Management and its IA and EA.

The AC reviews the scope of the EA's audit plan and the effectiveness of the results from the independent audit. The AC also reviews the independence and objectivity of the EA as well as the Group's compliance with Catalist Rules, the Code, as well as interested person transactions and whistleblowing reports, if any.

The AC recommends to the Board the appointment, re-appointment and removal of EA, and approves the remuneration and terms of engagement of the EA.

The aggregate amount of fees paid or payable to Ernst & Young LLP ("EY"), the EA of the Company, broken down into audit and non-audit services during FY2022 are as follows:

Audit fees: \$182,000

Non-audit fees: Nil

The aggregate amount of fees paid or payable to other external auditors namely CKS Assurance Pac and EVINCO Mulia Consulting, broken down into audit and non-audit services during FY2022 are as follows:

Audit fees: \$4,484

Non-audit fees: \$8,500

In compliance with Rule 1204(6)(b) of the Catalist Rules, the AC undertook the annual review of the independence and objectivity of the EA by reviewing the non-audit services provided and the fees paid to them. There is no non-audit services provided by EY to the Group in FY2022 and thus, it does not affect the independence and objectivity of EY as auditors of the Company.

CORPORATE GOVERNANCE REPORT

EY and its member firms are the auditors of the Company's Singapore incorporated subsidiaries namely Katrina Holdings Pte Ltd, Katrina International Pte. Ltd., Bali Thai Food Catering Pte. Ltd., Tomo Izakaya Pte. Ltd., ST Hospitality Pte. Ltd. and SOPL 1 Pte. Ltd. (save for SO Services Pte. Ltd. which is not a significant subsidiary is audited by CKS Assurance Pac, and SOPL 2 Pte. Ltd. which is struck off with effect from 9 March 2023). The Board and AC are of the view that the Company has complied with Catalyst Rule 712 and 716 in relation to its EA. The Company's foreign-incorporated subsidiaries are (i) PT. So Pho Food Indonesia, (ii) Katrina Holdings Sdn. Bhd., and (iii) Straits Organization HK Limited. PT. So Pho Food Indonesia is not a significant subsidiary and is audited by EVINCO Mulia Consulting. Katrina Holdings Sdn. Bhd. was struck off with effect from 14 March 2022; whereas Straits Organization HK Limited is currently in the process of winding-up.

The AC agreed that the Key Audit matters (“**KAM**”) highlighted by the EA were appropriate areas to focus on. The AC examined the findings on these and other areas together with the EA and Management. The AC reviewed and accepted the judgmental assumptions made, models used, and accounting treatments adopted by the Management in the KAM. The AC concurred with the EA regarding the KAM.

The Group has established a whistleblowing policy, endorsed by the AC, which provides the channel for employees of the Group and external parties to raise their concerns about improprieties in financial reporting or other matters to the AC, in good faith and in confidence. There were no whistleblowing reports received in FY2022.

The whistle blowing policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant.

The procedures for whistle blowing have been informed to the new employees during their orientation. They can email the AC directly on all matters at auditcommittee@katrinagroup.com. The follow up procedures regarding matters raised are also stated and whistleblowers are assured that all actions in good faith will not affect them in their work and staff appraisals.

Provision 10.2

The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The AC comprises three members, one Lead Independent Director and two Independent Directors. The AC members bring with them invaluable professional expertise in the accounting and financial management domains. After considering the advice from the NC, the Board believes that the AC members are appropriately qualified to discharge their responsibilities and functions under the terms of reference approved by the Board.

The three AC members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. The AC Chairman and Mr Tan Juay Hiang, in their professional career, has gathered extensive financial management experience from their previous directorships in other listed companies. As for Ms Joan Lau Sau Chee, she has attended training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

CORPORATE GOVERNANCE REPORT

The AC meets at least twice a year. In addition, any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the Exchange or any other regulatory authority in Singapore, which has or is likely to have a material impact on the issuer's operating results or financial position, the AC must discuss such matter with the EA and, at appropriate times, report the matter to the Board and to the sponsor and the AC will also assess the independence of IA if outsourced, cost effectiveness and objectivity of the IA.

Provision 10.3

The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

None of the AC members were previous partners or directors of the existing auditing firms engaged by the Company and none of the AC members hold any financial interest in the above-mentioned auditing firms.

Provision 10.4

The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. That being said, the internal control system provides reasonable, but no absolute, assurance to the integrity and reliability of the financial information and to safeguard the accountability of the assets of the Group. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner.

The AC, in consultation with Management, approves the hiring, removal, evaluation and the fees of the IA. The IA report primarily to the AC and have unfettered access to AC and all the documents, records, properties, and personnel of the Group. The internal audit function of the Group was out-sourced to BDO Advisory Pte. Ltd. in FY2022. BDO Advisory Pte. Ltd., Singapore ("BDO"), a member of the international BDO network of independent member firms.

The AC is satisfied that the internal audit function is independent, effective and adequately resourced, has the appropriate standing within the Company to perform its function effectively, and is staffed by suitably qualified and experienced professionals. The internal audit work carried out is guided by the BDO Global International Audit methodology which is consistent with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal audit team is well-resourced and is led by an engagement partner who is also the Head of Risk Advisory Services in BDO Singapore with more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. BDO is staffed with professionals with relevant experience and qualifications such as the Certified Internal Auditor and Certification in Risk Management Assurance with the Institute of Internal Auditor.

CORPORATE GOVERNANCE REPORT

The internal audit function plans its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the IA may be involved in ad-hoc projects initiated by the Management which require the assurance of the IA in specific areas of concerns.

Based on the risks identified from the ERM exercise performed by the Group in FY2022 and the Management actions in relation to those risks, and the follow on actions and measures implemented by the Management in response to the findings by the IA and EA, and the assurance from the CEO and the CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems, addressing key financial, operational, compliance, information technology and risk management objectives were adequate and effective to meet the needs of the Group in its business environment as at FY2022. Further, the Board also requested the Management to continue strengthening the internal control procedures to address the applicable financial and operational issues as highlighted by the IA as well as issues arising from the URA Investigation.

With effect from 1 March 2022, the Group has revised existing and implemented new standard operating procedures ("**SOPs**") to address the controls for the opening of new hotels/outlets/service apartments, the requisition of new fixed assets, the approval required before proceeding with such actions, and the reconciliation of the vendor statement to the accounting records. As of FY2022, the Group has conducted annual refresher to the staff on the SOPs, and the IA has also conducted a thorough review on the adherence to the SOPs in FY2022.

Provision 10.5 **The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.**

The AC meets with the IA and EA separately, at least once a year, without the presence of the Management to review any matters that might have arisen.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 **The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.**

At general meetings, Shareholders are given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance.

CORPORATE GOVERNANCE REPORT

The forthcoming AGM to be held on 28 April 2023 will be held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via “live” audiovisual webcast or “live” audio-only stream, submission of questions in advance of or “live” at the AGM, voting at the AGM “live” by the member or his/her/ its duly appointed proxy(ies) (other than Chairman of Meeting) via electronic means or by appointing the Chairman of the Meeting as proxy to vote on the member’s behalf at the AGM are set out in the notice of AGM.

The notice of the AGM is sent to our shareholders, together with explanatory notes, appendices or a circular on items of special business, at least 14 days before the meeting.

Provision 11.2 **The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are “bundled”, the company explains the reasons and material implications in the notice of meeting.**

The Company has separate resolutions at general meetings for each distinct issue, including resolutions on the re-election of Directors, to ensure that Shareholders are given the right to express their views and exercise their voting rights on each resolution separately.

Provision 11.3 **All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders’ queries about the conduct of audit and the preparation and content of the auditors’ report. Directors’ attendance at such meetings held during the financial year is disclosed in the company’s annual report.**

The Chairman of the NC, RC and AC, as well as the EA, are present to assist the Directors in addressing any relevant queries raised by Shareholders.

All Directors attended the AGM held on 29 April 2022.

Provision 11.4 **The company’s Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.**

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 web are not compromised, and legislative changes are effected to recognise remote voting.

Provision 11.5 **The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.**

The Company prepares minutes of general meetings which incorporate substantial comments and queries from Shareholders and responses from the Board and Management. These minutes are made available under the Investor Relations section of the Company’s website at <https://katrinagroup.com/investor-updates/> as well as on the SGXNET.

CORPORATE GOVERNANCE REPORT

Provision 11.6 **The company has a dividend policy and communicates it to shareholders.**

The Company does not have a fixed dividend policy at present. The issue of payment of dividends is deliberated by the Board annually, having regards to various factors (e.g., Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate).

The Board has not declared a dividend for FY2022 in view of prevailing business and financial conditions of the Group.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1 **The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.**

The Company endeavours to maintain adequate disclosure, in a timely manner, of material events and matters concerning its business. Information is disseminated to Shareholders on a timely and nonselective basis through public announcements via the SGXNET, press releases, annual reports to Shareholders and the Company's website at <https://katrinagroup.com/investor-updates/>. Please refer to section 6 of the Sustainability Report.

Provision 12.2 **The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.**

The Company does not have an Investor Relations Policy in place and there is no investor relations team in place as the Board is of the view that the current communication channels are sufficient and cost-effective.

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 Catalist Rules and the Act.

Prior to the enactment of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, shareholders of the Company receive the annual reports and notices of AGMs which are also advertised in the newspapers within the prescribed deadlines prior to the AGMs. Similarly, Shareholders receive the circulars and notices of Extraordinary General Meetings ("EGMs") which are advertised in the newspapers within the prescribed deadlines prior to the EGMs.

CORPORATE GOVERNANCE REPORT

For the upcoming AGM, such information will be disseminated via SGXNET and the Company's corporate website while the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 remains in force.

The Board encourages shareholders' participation at the AGMs and EGMs as such meetings represent the principal forum of dialogue and interaction with the shareholders.

Shareholders may provide feedback through the Company's designated email address: info@katrinagroup.com provided in the Company's corporate website.

Provision 12.3 **The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.**

Please refer to the Group's practices under Provision 12.2, 13.1 and Sustainability Report.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1 **The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.**

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Six stakeholders' groups have been identified through an assessment of their significance to the Group's business operations. They are namely, communities, customers, employees, regulators, shareholders and suppliers. The Company recognises the importance of close collaboration with its stakeholders in order to achieve a sustainable business goals. The Company has in place a process to identify the issues which are important to its stakeholders and understand their viewpoints as well as actively communicating with them to align the Company's expectation and goals.

Provision 13.2 **The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.**

The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised through stakeholder engagement. Please refer to Provisions 12.2, 13.1 and Sustainability Report.

Provision 13.3 **The company maintains a current corporate website to communicate and engage with stakeholders.**

The Company maintains its Company's website at <https://katrinagroup.com/investor-updates/> to communicate and engage with all stakeholders. Stakeholders can also contact the Company through phone or e-mail, the details of which can be found on the Company's website.

CORPORATE GOVERNANCE REPORT

OTHER CORPORATE GOVERNANCE MATTERS

Material Contracts

[Catalist Rule 1204(8)]

There were no material contracts of the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders of the Company at the end of FY2022 or have been entered into since the end of FY2021.

Interested Person Transactions

[Catalist Rule 1204(17)]

The Group has adopted an internal policy in respect of any transactions with interested persons and required all such transaction, if any, to be at agreed and normal commercial terms, and not be prejudicial to the interest of the Company and its non-controlling Shareholders, and to be reviewed by the AC to ensure compliance with the requirements of the Catalist Rules on interested persons transactions.

If the Group enters into an interested persons transactions and potential conflict of interest arises, the Director concerned shall be abstained from any discussions and also refrained from exercising any influence over other members of the Board.

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions.

Other than as disclosed in the financial statements, the following are the interested person transactions during the current financial year:

Name of interested person and details of transactions	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		\$'000	\$'000
Alan Goh Keng Chian and Madaline Catherine Tan Kim Wah providing indemnity to the insurers to issue letters of guarantee in lieu of security bonds to the Ministry of Manpower for engagement of foreign workers ¹	Executive Directors of the Company	185	–
Alan Goh Keng Chian, who is also the controlling shareholder, has provided a letter of undertaking to financially support the Group as and when required ²	Executive Director and controlling shareholder of the Company	606	–

Notes:

¹ The Executive Directors are not paid for providing the indemnity.

² Amount is non-interest bearing.

CORPORATE GOVERNANCE REPORT

Dealing in Securities

[Catalist Rule 1204(19)]

In compliance with Rule 1204(19), the Group has adopted a Code of Conduct to provide guidance to Directors and all employees of the Group with regards to dealing in the Company's securities.

The Company issues circulars to its Directors, officers and employees prohibiting dealing in its shares during the period commencing two weeks before the announcement of the Group's quarterly financial statements and one month before the Group's full year financial statements till the day of such announcements. Directors, officers and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors, officers and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it adhered to its internal securities code of compliance for FY2022.

Non-sponsor Fees

[Catalist Rule 1204(21)]

No non-sponsor fees were paid to the Company's sponsor, Hong Leong Finance Limited in FY2022.

Key information regarding the Retiring Directors who have been nominated for re-election as Directors of the Company are set out below::

	Mr Alan Goh Keng Chian	Mr Lam Kwong Fai
Date of Appointment	31 March 2016	4 May 2022
Date of last re-appointment (if applicable)	26 June 2020	–
Age	63	44
Country of principal residence	Singapore	Singapore

The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)

The Board of the Company has accepted the Nominating Committee's recommendation, which has reviewed and considered Mr Alan Goh Keng Chian's contribution as the Executive Chairman and Chief Executive Officer of the Company, and has recommended that Mr Alan Goh Keng Chian be re-elected as Director of the Company.

The Board of the Company has accepted the Nominating Committee's recommendation, which has reviewed and considered Lam Kwong Fai's contribution as the Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees of the Company, and has recommended that Mr Lam Kwong Fai be re-elected as Director of the Company.

Whether appointment is executive, and if so, the area of responsibility

Executive. Mr Alan Goh Keng Chian is responsible for the overall operations, management, strategic planning and business development of the Group.

Non-executive.

CORPORATE GOVERNANCE REPORT

	Mr Alan Goh Keng Chian	Mr Lam Kwong Fai
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Executive Chairman and Chief Executive Officer.	Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees.
Professional qualifications	Master of Business Administration (General Business Administration) from University of Hull.	Bachelor of Accountancy from Nanyang Technology University
Working experience and occupation(s) during the past 10 years	Executive Chairman and Chief Executive Officer of Katrina Group Ltd.	<p>November 2020 to present – Founder and Director, Alder Corporate Services Pte Ltd.</p> <p>July 2019 to May 2020 – Chief Executive Officer, Crowe Horwath Capital Pte Ltd.</p> <p>June 2017 to July 2019 – Founder and Chief Executive Officer, 3 Peaks Capital Private Limited.</p> <p>July 2014 to June 2017 – Associate Director, Continuing Sponsorship, PrimePartners Corporate Finance Pte Ltd.</p> <p>April 2012 to June 2014 – Director, CNP Compliance Pte Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	<p>Interest in the Company:</p> <p>Direct interest – 392,600 ordinary shares.</p> <p>Deemed interest – 205,382,408 ordinary shares</p>	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Alan Goh Keng Chian is the spouse of Ms Madaline Catherin Tan Kim Wah (Executive Director and controlling shareholder of the Company)	None
Conflict of Interests (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

	Mr Alan Goh Keng Chian	Mr Lam Kwong Fai
Other Principal Commitments* Including Directorships#		
**Principal Commitments* has the same meaning as defined in the Code, and includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.		
Past (for the last 5 years)	<u>Directorship in non-listed company</u> Bayang At The Quay Pte. Ltd.* Renn Thai Pte Ltd* Collective Ventures Pte. Ltd.* SOPL 2 Pte. Ltd.* Royal Perak Pte. Ltd. Katrina Holdings Sdn Bhd* * <i>struck off</i>	<u>Directorship in listed company</u> Medtecs International Corporation Limited Sevens Atelier Limited (formerly known as Pan Asian Holdings Limited) OEL (Holdings) Limited. D'Nonce Technology Bhd <u>Directorship in non-listed company</u> ACH Investments Pte Ltd Auspac Management Services Pte. Ltd. Maxi Vault Private Limited Maxi Solutions Private Limited Symbiot Private Limited
Present	<u>Directorship in non-listed company</u> Katrina Holdings Pte Ltd Bali Thai Food Catering Pte. Ltd. Tomo Izakaya Pte. Ltd. Katrina International Pte. Ltd. ST Hospitality Pte. Ltd. SOPL 1 Pte. Ltd. SO Services Pte. Ltd. PT. So Pho Food Indonesia Straits Organization HK Limited	<u>Directorship in listed company</u> Capital World Limited China Kunda Technology Holdings Limited Soon Lian Holdings Limited <u>Directorship in non-listed company</u> Alder Corporate Services Pte. Ltd. 3 Peaks Capital Private Limited Cashmallow Singapore Pte. Ltd. Exa Discoveries Pte. Ltd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

CORPORATE GOVERNANCE REPORT

	Mr Alan Goh Keng Chian	Mr Lam Kwong Fai
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
(b)	<p>Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	No
(c)	<p>Whether there is any unsatisfied judgment against him?</p>	No
(d)	<p>Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	No

CORPORATE GOVERNANCE REPORT

	Mr Alan Goh Keng Chian	Mr Lam Kwong Fai
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
(e)	<p>Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</p>	No
(f)	<p>Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</p>	No
(g)	<p>Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</p>	No

CORPORATE GOVERNANCE REPORT

	Mr Alan Goh Keng Chian	Mr Lam Kwong Fai
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	No
(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	(i) Yes, there is an ongoing investigation involving ST Hospitality Pte. Ltd. and/or its subsidiaries
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	(ii) No

CORPORATE GOVERNANCE REPORT

	Mr Alan Goh Keng Chian	Mr Lam Kwong Fai
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	(iii) No
(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	(iv) No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes. As disclosed in the Company's announcement dated 25 June 2022, the Group has received a letter dated 24 June 2022 from the Urban Redevelopment Authority (“URA”) to attend an interview in relation to the URA Investigation. No

CORPORATE GOVERNANCE REPORT

	Mr Alan Goh Keng Chian	Mr Lam Kwong Fai
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable as this is for re-election of a director.	Not applicable as this is for re-election of a director.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Katrina Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are 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 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due, as the Directors are of the view that the Group will be able to generate sufficient cash flows from operations, and obtain continuing support from the director, who is also the controlling shareholder, to not recall from the Company and its subsidiaries the loans provided until all liabilities with unsecured creditors have been met.

Directors

The directors of the Company in office at the date of this statement are:

Alan Goh Keng Chian
 Madaline Catherine Tan Kim Wah
 Joan Lau Sau Chee
 Tan Juay Hiang
 Lam Kwong Fai (Appointed 4 May 2022)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

Names of directors	Direct interest			Deemed interest		
	At 1.1.2022	At 31.12.2022	At 21.1.2023	At 1.1.2022	At 31.12.2022	At 21.1.2023
Number of shares in Katrina Group Ltd.						
Alan Goh Keng Chian	392,600	392,600	392,600	205,382,408**	205,382,408**	205,382,408**
Madaline Catherine Tan Kim Wah	–	–	–	205,775,008^^	205,775,008^^	205,775,008^^

** This represents Mr Alan Goh Keng Chian's deemed interest held in the name of HSBC (Singapore) Nominees Pte. Ltd. and in the shares which his spouse holds or has an interest in.

^^ This represents Ms Madaline Catherine Tan Kim Wah's deemed interest held in the name of HSBC (Singapore) Nominees Pte. Ltd. and in the shares which her spouse holds or has an interest in.

DIRECTORS' STATEMENT

By virtue of section 7 of the Singapore Companies Act 1967, both Alan Goh Keng Chian and Madaline Catherine Tan Kim Wah are deemed to have interests in shares of all the subsidiaries to the extent held by the Company.

Except as disclosed in this statement, no other director who held office at the end of the financial year had interests in shares, shares options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Options

No options were issued by the Company during the financial year. As at 31 December 2022, there were no options on the unissued shares of the Company or any other body corporate which were outstanding.

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, the SGX listing manual and the Singapore Code of Corporate Governance 2018. The functions performed are detailed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Alan Goh Keng Chian
Director

Madaline Catherine Tan Kim Wah
Director

Singapore
13 April 2023

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KATRINA GROUP LTD.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Katrina Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2022, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the 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 the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements. As of 31 December 2022, the Group's net liabilities and current liabilities exceeded its net assets and current assets by \$5,304,000 and \$19,975,000 respectively. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as going concern. As disclosed in Note 2.1, the ability of the Group and Company to continue as a going concern is dependent on the Group generating sufficient cash flows from its operations.

In the event that the Group is unable to continue operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the balance sheets. In addition, the Group may have to reclassify certain non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

On-going investigation by the Urban Redevelopment Authority

We draw attention to Note 31(C) which describes the uncertainty related to the outcome of an on-going investigation by the Urban Redevelopment Authority into possible breaches of the minimum stay requirement in respect of the provision of short-term accommodation provided by ST Hospitality Pte. Ltd..

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KATRINA GROUP LTD.

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. In addition to the matters described in the *Material Uncertainty Related to Going Concern* and *Emphasis of Matter* sections, we have determined the matters described below to be key audit matters to be communicated in our report. For the matters below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment of right-of-use assets and property, plant and equipment

At 31 December 2022, the carrying amounts of right-of-use assets and property, plant and equipment were \$32,803,000 and \$4,982,000, which represents 63% and 10% of Group's total assets, respectively. The assets are allocated to the respective cash-generating unit ("CGU").

Management has assessed that there were indicators of impairment or reversal of impairment on certain CGUs in the hospitality and food and beverages segments.

Management performed impairment tests on the right-of-use assets and property, plant and equipment of the CGUs exhibiting impairment or reversal of impairment indicators and determined their recoverable amounts based on value in use calculations. Based on the outcome of this impairment test, the Group has recognised a write back of previously recognised impairment charge of \$130,000 to the right-of-use assets and \$711,000 to the property, plant and equipment respectively. This area was significant to our audit because the impairment assessment involved significant management judgement and required the management to make various assumptions in the underlying cash flow forecasts. Considering the level of management judgment involved and heightened degree of estimation uncertainty associated with current market and economic condition in the assessment, we engaged our internal valuation specialists to assist us in evaluating the reasonableness of certain key assumptions such as pre-tax discount rates.

As part of our audit, we reviewed management's identification of impairment or reversal of impairment indicators relating to the respective CGUs by assessing management's review of the financial performances on the CGUs. Where an impairment or reversal of impairment indicator is identified, we reviewed the discounted cash flow prepared by management and evaluated the reasonableness of key assumptions used in the impairment analysis, in particular the sales growth rates and discount rates. We tested the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results and the performances of the CGUs after the year end. We reviewed management's sensitivity analysis of the carrying amounts of the right-of-use assets and property, plant and equipment to reasonably possible changes in certain key assumptions based on the overall industry outlook.

In addition, we assessed the adequacy of the disclosures on the right-of-use assets and property, plant and equipment, and the assumptions used in the impairment tests and the outcome of the impairment tests in Note 3.2 *Key sources of estimation uncertainty*, Note 15 *Right-of-use assets* and Note 13 *Property, plant and equipment* of the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KATRINA GROUP LTD.

Other information

Management is responsible for 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.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KATRINA GROUP LTD.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.
- 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 Hah Yanying.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$'000	2021 \$'000
Revenue	4	64,458	53,798
Cost of sales	5	(52,524)	(53,756)
Gross profit		11,934	42
Other income	6	2,062	10,246
Selling and distribution costs		(1,783)	(1,584)
Administrative expenses		(6,307)	(5,438)
Finance costs	7	(2,816)	(3,321)
Other gains/(expenses)	8	384	(158)
Profit/(loss) before tax	9	3,474	(213)
Income tax expense	11	(10)	(1)
Profit/(loss) for the year, representing profit/(loss) for the year attributable to owners of the Company		3,464	(214)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		16	(7)
Other comprehensive income for the year, net of tax		16	(7)
Total comprehensive income for the year, representing total comprehensive income attributable to owners of the Company		3,480	(221)
Profit/(loss) per share (cents per share)			
Basic and diluted	12	1.49	(0.09)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	4,982	6,361	2	4
Intangible assets	14	-	-	-	-
Right-of-use assets	15	32,803	33,303	-	-
Investment property	16	802	860	-	-
Investment in subsidiaries	17	-	-	6,061	6,061
Investment in joint venture	18	-	-	-	-
Refundable deposits	19	3,980	4,254	-	-
		42,567	44,778	6,063	6,065
Current assets					
Inventories	20	146	155	-	-
Trade receivables	21	1,066	1,327	-	-
Other receivables	22	614	1,189	110	-
Refundable deposits	19	1,794	2,393	9	-
Prepayments		260	300	8	5
Amount due from a joint venture	22	103	103	-	-
Amounts due from subsidiaries	22	-	-	4,936	5,561
Cash and bank balances	23	5,490	7,200	417	81
		9,473	12,667	5,480	5,647
Total assets		52,040	57,445	11,543	11,712
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	24	6,838	8,760	538	507
Amounts due to subsidiaries	24	-	-	-	233
Other liabilities	25	2,381	2,406	462	433
Lease liabilities	15	14,430	14,359	-	-
Provision	26	312	443	-	-
Contract liabilities	4	783	506	-	-
Loans and borrowings	27	4,704	5,164	-	-
		29,448	31,638	1,000	1,173
Net current (liabilities)/assets		(19,975)	(18,971)	4,480	4,474
Non-current liabilities					
Other payables	24	157	142	-	-
Lease liabilities	15	25,046	28,578	-	-
Provision	26	742	821	-	-
Deferred tax liabilities	11	11	6	-	-
Loans and borrowings	27	1,940	5,135	-	-
		27,896	34,682	-	-
Total liabilities		57,344	66,320	1,000	1,173
Net (liabilities)/assets		(5,304)	(8,875)	10,543	10,539
Equity attributable to owners of the Company					
Share capital	28	8,283	8,192	8,283	8,192
Foreign currency translation reserve	29	31	15	-	-
Retained earnings		(13,618)	(17,082)	2,260	2,347
Total equity		(5,304)	(8,875)	10,543	10,539
Total equity and liabilities		52,040	57,445	11,543	11,712

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company			
	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
	(Note 28)	(Note 29)	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
Group				
Opening balance at 1 January 2021	8,192	22	(16,868)	(8,654)
Loss for the year	–	–	(214)	(214)
<i>Other comprehensive income:</i>				
Foreign currency translation	–	(7)	–	(7)
Total comprehensive income for the year	–	(7)	(214)	(221)
Closing balance at 31 December 2021	<u>8,192</u>	<u>15</u>	<u>(17,082)</u>	<u>(8,875)</u>
Opening balance at 1 January 2022	8,192	15	(17,082)	(8,875)
Issuance of shares	91	–	–	91
Profit for the year	–	–	3,464	3,464
<i>Other comprehensive income:</i>				
Foreign currency translation	–	16	–	16
Total comprehensive income for the year	–	16	3,464	3,480
Closing balance at 31 December 2022	<u>8,283</u>	<u>31</u>	<u>(13,618)</u>	<u>(5,304)</u>

	Attributable to owners of the Company		
	Share capital	Retained earnings	Total
	(Note 28)	\$'000	\$'000
	\$'000	\$'000	\$'000
Company			
Opening balance at 1 January 2021	8,192	1,658	9,850
Profit for the year, representing total comprehensive income for the year	–	689	689
Closing balance at 31 December 2021	<u>8,192</u>	<u>2,347</u>	<u>10,539</u>
Opening balance at 1 January 2022	8,192	2,347	10,539
Issuance of shares	91	–	91
Loss for the year, representing total comprehensive income for the year	–	(87)	(87)
Closing balance at 31 December 2022	<u>8,283</u>	<u>2,260</u>	<u>10,543</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$'000	2021 \$'000
Operating activities			
Profit/(loss) before tax		3,474	(213)
<u>Adjustments for:</u>			
Bad debts	8	23	15
Depreciation of property, plant and equipment	9	2,061	1,964
Depreciation of investment property	9	58	58
Depreciation of right-of-use assets	9	13,317	16,665
Interest income	6	(4)	–
(Write back of)/impairment loss on right-of-use assets, net	8	(130)	2,219
Write back of impairment loss on property, plant and equipment, net	8	(711)	(2,645)
Write-off of property, plant and equipment	8	435	548
Reversal of provision for restoration cost	9	(34)	(39)
Loss on disposal of property, plant and equipment	8	–	51
Finance costs	7	2,816	3,321
Gain on early termination and modification of leases, net	6	(246)	(93)
Reversal of expected credit losses on trade receivables	8	–	(30)
Currency realignment		16	(9)
Total adjustments		17,601	22,025
Operating cash flows before changes in working capital		21,075	21,812
<u>Changes in working capital</u>			
(Increase)/decrease in:			
Inventories		9	9
Trade and other receivables		819	1,238
Refundable deposits		970	1,857
Prepayments		40	(10)
(Decrease)/increase in:			
Trade and other payables		(1,838)	(1,805)
Other liabilities		66	(469)
Amounts due to a director		(100)	206
Contract liabilities		277	27
Total changes in working capital		243	1,053
Cash flows from operations		21,318	22,865
Income taxes paid		(5)	(18)
Net cash flows generated from operating activities		21,313	22,847

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$'000	2021 \$'000
Investing activities			
Purchase of property, plant and equipment	A	(417)	(1,782)
Cash paid for restoration cost	26	(178)	(132)
Proceeds from disposal of property, plant and equipment		-	11
Net cash flows used in investing activities		(595)	(1,903)
Financing activities			
Proceeds from loans and borrowings	27	-	1,000
Repayments of loans and borrowings		(3,655)	(2,494)
Interest received		4	-
Interest paid		(292)	(312)
Lease payments	15	(18,485)	(22,576)
Bank deposits pledged		(800)	(500)
Net cash flows used in financing activities		(23,228)	(24,882)
Net change in cash and cash equivalents		(2,510)	(3,938)
Cash and cash equivalents at 1 January		6,700	10,638
Cash and cash equivalents at 31 December	23	4,190	6,700

A. Property, plant and equipment

	Note	2022 \$'000	2021 \$'000
Current year additions to property, plant and equipment	13	(417)	(1,842)
Less: Provision for restoration cost	26	-	60
Net cash outflow for purchase of property, plant and equipment		(417)	(1,782)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION

1.1 *The Company*

Katrina Group Ltd. (“the Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 180B, Bencoolen Street, #11-01/05, The Bencoolen, Singapore 189648.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (“SGD” or “\$”) and all values in the tables are rounded to the nearest thousand (“\$’000”), except when otherwise indicated.

Fundamental accounting concept

The financial statements of the Group have been prepared on a going concern basis notwithstanding that as at 31 December 2022, the Group’s net liabilities and current liabilities exceeded its net assets and current assets by \$5,304,000 (2021: \$8,875,000) and \$19,975,000 (2021: \$18,971,000) respectively. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as going concern.

The directors are of the view that it is appropriate to prepare the Group’s financial statements on a going concern basis on the following bases:

- (a) the Group will be able to generate sufficient cash flows from its operations to pay its liabilities as and when they fall due;
- (b) the management intends to manage cashflow of the subsidiaries on an overall Group basis, where necessary;
- (c) there are no changes in the Group’s ability to request for the extension of credit terms granted by suppliers and the Group intends to adhere to the trade payables turnover days consistent with the current financial year; and
- (d) the controlling shareholder has indicated through a letter of undertaking to financially support the Group as and when required, for 15 months from 24 February 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Changes in accounting policies and disclosures*

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 17: <i>Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information</i>	1 January 2023
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest, where applicable, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquire, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill (cont'd)*

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Computers	3 years
Furniture and fittings	3 – 5 years
Kitchen and restaurant equipment	3 – 5 years
Office equipment	3 – 5 years
Renovation	3 – 9 years
Motor vehicle	5 years

Construction in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.7 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Intangible assets (cont'd)*

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Favourable agreement and customer contracts

The favourable agreement and customer contracts were acquired in a business combination. These costs are amortised to profit or loss using the straight line basis over the estimated finite useful life of 1 year.

2.8 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Investment properties	25 years
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2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Impairment of non-financial assets (cont'd)*

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.12.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 *Joint venture*

The Group account for its investment in a joint venture using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture is prepared at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement

Investment in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments exceed a prescribed number of days past due, as established within the Group's credit risk management practices. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase costs accounted for on a first-in-first out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants shall be recognised in profit or loss on a systematic basis over the periods which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, under "Other income".

2.19 *Employee benefits*

(a) *Defined contribution plans*

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. The undiscounted estimated liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.20 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

Group as a lessee (cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

	Years
Restaurant premises	1 – 6 years
Residential apartments and co-living hotels	1 – 9 years

The right-of-use assets are also subject to impairment. Refer to section 2.9 Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the remaining lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current liabilities in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current liabilities in the balance sheet.

2.22 *Borrowing costs*

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds. Borrowing costs recognised in profit or loss as incurred except to the extent that they are capitalised. Borrowing costs are capitalised as part of a qualifying asset if they are directly attributable to the acquisition, construction, or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

2.23 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.13 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 **Revenue**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Group has satisfied a performance obligation by transferring a promised good or service to customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sales of food and beverages*

Revenue is recognised when the food and beverages are delivered to the customer and all criteria for acceptance have been satisfied at a point in time.

(b) *Licence fee*

Licence fee is recognised over the licence period of 10 years upon completion of transfer of know-how to the licensee in accordance with the terms stated in the trademark licence agreement.

(c) *Rental income*

Rental income from (i) hospitality segment and (ii) investment property is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) *Interest income*

Interest income is recognised using the effective interest method.

2.25 **Taxes**

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 *Taxes (cont'd)*

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the 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 balance sheet.

2.26 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of lease term of contracts with extension options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whenever there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the extension option in the lease term for the lease of certain restaurant premises and residential apartments because of the economic disincentive to not renew.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

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 reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Provision for restoration costs*

The Group recognises provision for restoration costs when the Group enters into lease agreements for its restaurant premises and certain residential apartment. In determining the amount of the provision for restoration costs, estimates are made in relation to the expected costs to reinstate the premises back to their original state upon the expiration of the lease terms based on quotations provided by a third-party contractor. The carrying amount of the discounted provision for restoration costs of the Group as at 31 December 2022 were \$1,054,000 (2021: \$1,264,000).

(b) *Impairment test of right-of-use assets and property, plant and equipment*

The Group assesses whether there are any indicators of impairment or reversal of impairment previously recorded for right-of-use assets and property, plant and equipment at the end of each reporting period. Right-of-use assets and property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable, or when previously recorded impairment may be reversed.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. Reversal of impairment previously recorded exists when the recoverable amount exceeds the carrying amount. The fair value less cost of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the remaining lease term of the right-of-use assets.

In particular, management performs impairment tests of right-of-use assets and property, plant and equipment by considering factors such as the maturity of the individual CGUs and operational strategies. Based on the outcome of this impairment test, the Group has recognised a write back of previously recognised impairment charge of \$130,000 (2021: impairment charge of \$2,219,000) to the right-of-use assets and \$711,000 (2021: \$2,645,000) to the property, plant and equipment respectively.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit, including estimating the revenue growth rate for the individual CGUs and using a suitable discount rate in order to calculate the present value of the cash flows. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE

Disaggregation of revenue

	Group	
	2022 \$'000	2021 \$'000
Sales of food and beverages, net of discount	47,323	40,968
Rental income from hospitality segment	17,135	12,830
	64,458	53,798

Contract liabilities

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers, primarily for the hospitality segment.

Contract liabilities are recognised as revenue as the Group performs its obligations under the contract. The amount of revenue recognised from amounts included in contract liabilities at the beginning of the year is \$506,000 (2021: \$418,000).

5. COST OF SALES

Cost of sales mainly comprises food and beverages cost, payroll cost, depreciation of right-of-use assets, fixed rental expense of short-term leases, premises and utilities expenses for both restaurants outlets and residential apartments/co-living premises and other restaurant support costs.

6. OTHER INCOME

	Group	
	2022 \$'000	2021 \$'000
Government grants:		
– Wage Credit Scheme	52	52
– Special Employment Credit	–	2
– Senior Employment Credit	13	66
– Job Growth Incentive	35	239
– Job Support Scheme	421	2,824
– Others	182	578
Interest income	4	–
Rental income from investment property	49	50
Rental concessions	415	5,943
Gain on early termination and modification of leases, net (Note 15)	246	93
Licence fee	10	10
Sponsorship received	20	27
Expired vouchers and cancelled bookings	451	307
Others	164	55
	2,062	10,246

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. OTHER INCOME (CONT'D)

Wage Credit Scheme

The Wage Credit Scheme ("WCS") was introduced as a 2013 Budget Initiative to help businesses which may face rising wage costs in a tight labour market. It was extended in Budget 2015 and 2018. Under this scheme, the Singapore Government will co-fund 20%, 15% and 10% of qualifying wage increases given to the Group's Singaporean employees earning a gross monthly wage of \$4,000 and below in the years 2016 to 2018, 2019 and 2020 respectively. This scheme was enhanced in Budget 2020 to increase co-funding ratios for wage increases in 2019 and 2020 which was raised from the current 15% and 10%, to 20% and 15% respectively. The qualifying gross wage ceiling was also raised to \$5,000 for both years. In Budget 2021, the scheme was further extended by one year with the government co-funding ratio remaining at 15% for wage increases given in 2021 and the wage ceiling maintained at \$5,000.

Special Employment Credit

The Special Employment Credit ("SEC") was introduced as a 2011 Budget Initiative to support employers as well as to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers. It has been extended in Budget 2016 for three years from 2017 to 2019 and a further one-year extension to end 2020 at Budget 2019 to provide a wage-offset to employers hiring Singaporean workers aged 55 and above and earning up to \$4,000.

Senior Employment Credit

Under the Senior Employment Credit ("SEC"), the Government provides wage offsets to help employers that employ Singaporean workers adjust to the higher Retirement Age and Re-employment Age. Higher support will be given for the older age bands.

For 2023 to 2025, the wage offset applies to Singaporean workers aged 60 and above and earning up to \$4,000 per month. For wages paid between 1 Jan 2023 and 31 Dec 2025, employers will receive up to 8% of the wages paid to these eligible workers, depending on their age and wage.

For 2021 and 2022, the wage offset applies to Singaporean workers aged 55 and above and earning up to \$4,000 per month.

Job Growth Incentive

The Jobs Growth Incentive ("JGI") was first introduced on 17 August 2020 to promote local hires. JGI is a salary support scheme that provides employers with 15% to 50% salary support for new employees hired between September 2020 to March 2021. The amount of salary support given depends on when the Company hire the employee and their age. JGI was extended in Budget 2021 to end September 2021 and was further extended for a third phase from October 2021 to March 2022. In the third phase of the JGI, salary support for new local hires will last up to 6 months for workers below 40 (down from 12 months) and up to 18 months for workers over 40, persons with disabilities (PwDs) and ex-offenders (down from 18 months). There is also a cap of \$5,000 salary for non-mature hires and \$6,000 for new employees who are mature, PwDs and ex-offenders. As announced in Budget 2022, JGI was extended for a fourth phase from April 2022 to September 2022. In October 2022, JGI was further extended for a fifth phase from October 2022 to March 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. OTHER INCOME (CONT'D)

Job Support Scheme

The Job Support Scheme (“JSS”) was introduced in the Budget 2020 and enhanced subsequently in the four supplementary budgets to provide wage support to employers to help them retain their local employees during the period of economic uncertainty. Under the JSS, the Government co-funds the first \$4,600 of gross monthly wages (include employee CPF contributions but exclude employer CPF contributions) paid to each local employee. In the Budget 2021, the JSS was further extended for firms in Tier 1 and 2 sectors by up to six-months, covering wages paid up to September 2021. JSS was further enhanced for certain sectors for 22 November to 19 December 2021 of 10% of corresponding wages for August to October 2021.

7. FINANCE COSTS

	Note	Group	
		2022 \$'000	2021 \$'000
Interest expense on bank loan	27	292	312
Interest on finance lease liabilities	15	2,620	3,054
Refundable deposits discount adjustment	19	(94)	(33)
Provisions discount adjustment	26	2	9
Security deposits adjustment		(4)	(21)
		2,816	3,321

8. OTHER GAINS/(EXPENSES)

	Note	Group	
		2022 \$'000	2021 \$'000
Write back of impairment loss on property, plant and equipment, net	13	711	2,645
Write back of/(impairment loss) on right-of-use assets, net	15	130	(2,219)
Write-off of property, plant and equipment	13	(435)	(548)
Loss on disposal of property, plant and equipment		-	(51)
Bad debts		(23)	(15)
Reversal of expected credit losses of trade receivables	21	-	30
Others		1	-
		384	(158)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

	Note	Group	
		2022 \$'000	2021 \$'000
Audit fees:			
– Auditor of the Company		182	170
– Other auditors		36	31
Depreciation of property, plant and equipment	13	2,061	1,964
Depreciation of investment property	16	58	58
Depreciation of right-of-use assets	15	13,317	16,665
Employee benefits	10	19,875	19,486
Commission fees		2,086	2,276
Professional fees		493	319
Fixed rental expense on short term leases and low value assets	15	1,713	1,514
Contingent rental expense on operating leases	15	700	456
Reversal of provision for restoration costs	26	(34)	(39)
		19,875	19,486

10. EMPLOYEE BENEFITS

	Group	
	2022 \$'000	2021 \$'000
<i>Employee benefits expenses</i>		
<i>(including director's remuneration):</i>		
Salaries, bonuses and other costs	17,309	16,789
Central Provident Fund and other pension costs	1,303	1,320
Other personnel costs	1,263	1,377
	19,875	19,486

Other personnel costs include staff allowances, housing benefits, training and other employee welfare.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	Group	
	2022	2021
	\$'000	\$'000
<i>Consolidated statement of comprehensive income:</i>		
<u>Current income tax</u>		
– Current year	–	1
– Under provision in respect of previous years	5	–
<u>Deferred income tax</u>		
– Origination and reversal of temporary differences	5	–
Income tax expense recognised in the consolidated statement of comprehensive income	<u>10</u>	<u>1</u>

Relationship between tax expense and profit/(loss) before tax

A reconciliation between tax expense and the product of profit/(loss) before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Profit/(loss) before tax	<u>3,474</u>	<u>(213)</u>
Tax at the domestic rates applicable to profit/(losses) in the countries where the Group operates	657	(56)
Adjustments:		
Non-deductible items	151	351
Income not subject to taxation	(131)	(1,345)
Tax effect on tax exemption and tax relief	(19)	–
Under provision in respect of previous years	5	–
Deferred tax assets not recognised	1	1,299
Benefits from previously unrecognised tax losses	(575)	(248)
Others	(79)	–
Total income tax expense	<u>10</u>	<u>1</u>

The Company and its Singapore subsidiaries are subjected to a tax rate of 17%. The Group's overseas subsidiaries, PT So Pho International and Straits Organization HK Limited, are subjected to tax rates of 25% and 16.5% respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. INCOME TAX EXPENSE (CONT'D)

Deferred tax

Deferred tax as at 31 December relates to the following:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Group				
Deferred tax liabilities				
Others	<u>11</u>	<u>6</u>	<u>5</u>	<u>-</u>

Unrecognised tax losses, allowances and other deductible temporary differences

As at 31 December 2022, the Group has tax losses, allowances and other deductible temporary differences of approximately \$8,132,000 (2021: \$11,461,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of Singapore.

12. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share are calculated by dividing the Group's profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit/(loss) and shares data used in the computation of basic and diluted profit/(loss) per share for the years ended 31 December:

	Group	
	2022 \$'000	2021 \$'000
Profit/(loss) for the year attributable to owners of the Company	<u>3,464</u>	<u>(214)</u>
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic and diluted profit/(loss) per share computation	<u>232,452</u>	<u>231,521</u>

Diluted profit/(loss) per share is the same as the basic profit/(loss) per share as there were no potential dilutive ordinary shares during the respective financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. PROPERTY, PLANT AND EQUIPMENT

Group	Computers \$'000	Furniture and fittings \$'000	Kitchen and restaurant equipment \$'000	Motor vehicle \$'000	Office equipment \$'000	Renovation \$'000	Construction in progress \$'000	Total \$'000
At 1 January 2021	1,733	3,263	3,628	148	32	16,238	6	25,048
Additions	110	154	155	-	-	1,423	-	1,842
Written-off	-	(273)	(86)	-	-	(895)	-	(1,254)
Disposal	(2)	-	(88)	-	-	-	-	(90)
Currency realignment	-	-	1	-	-	-	-	1
At 31 December 2021 and 1 January 2022	1,841	3,144	3,610	148	32	16,766	6	25,547
Additions	74	13	45	-	2	283	-	417
Reclassification	-	2	-	-	-	(2)	(6)	(6)
Written-off	(69)	(309)	(236)	-	(2)	(2,249)	-	(2,865)
Currency realignment	(2)	(23)	(12)	-	-	(1)	-	(38)
At 31 December 2022	1,844	2,827	3,407	148	32	14,797	-	23,055
Accumulated impairment and depreciation:								
At 1 January 2021	1,404	1,794	2,613	93	22	14,675	-	20,601
Charge for the year	214	530	458	17	3	742	-	1,964
Written-off	-	(149)	(63)	-	-	(494)	-	(706)
Disposal	(1)	-	(27)	-	-	-	-	(28)
Write back of impairment loss, net	-	-	-	-	-	(2,645)	-	(2,645)
At 31 December 2021 and 1 January 2022	1,617	2,175	2,981	110	25	12,278	-	19,186
Charge for the year	146	410	344	17	4	1,140	-	2,061
Written-off	(69)	(236)	(200)	-	(2)	(1,923)	-	(2,430)
Reclassification	-	2	-	-	-	(2)	-	-
Write back of impairment loss, net	-	-	-	-	-	(711)	-	(711)
Currency realignment	(1)	(20)	(12)	-	-	-	-	(33)
At 31 December 2022	1,693	2,331	3,113	127	27	10,782	-	18,073
Net carrying amount:								
At 31 December 2022	151	496	294	21	5	4,015	-	4,982
At 31 December 2021	224	969	629	38	7	4,488	6	6,361

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers \$'000
Company	
Cost:	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	5
Accumulated depreciation:	
At 1 January 2021	–*
Charge for the year	1
At 31 December 2021 and 1 January 2022	1
Charge for the year	2
At 31 December 2022	3
Net carrying amount:	
At 31 December 2022	2
At 31 December 2021	4

* Less than \$1,000

Restoration costs

Included in the net carrying amount of renovation is net restoration costs of \$280,000 (2021: \$408,000).

Impairment of assets

Property, plant and equipment and right-of-use assets (Note 15) are tested for impairment when there are indicators that the carrying amounts may not be recoverable or when there are indicators of reversal of impairment previously recorded. In particular, management assesses impairment of property, plant and equipment by considering factors such as the maturity of the CGUs and operational strategies.

The recoverable amounts of the property, plant and equipment and right-of-use assets (Note 15) relating to CGUs with indicators of impairment or reversal of impairment were determined based on their value-in-use. The key assumptions used for the CGUs in the respective operating segments of the Group are as follows:

	2022 %	2021 %
Assumptions:		
<i>Food and beverages segment</i>		
– Range of pre-tax discount rate	10.5% to 15.3%	10.0% to 16.5%
<i>Hospitality segment</i>		
– Range of pre-tax discount rate	13.4% to 14.4%	9.5% to 14.2%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment of assets (cont'd)

Property, plant and equipment

For the financial year ended 31 December 2022, the Group recognised a net write back of impairment loss on property, plant and equipment of \$711,000 (2021: \$2,645,000), representing the net reversal of impairment on these plant and equipment to the recoverable amount. The net write back of impairment loss on property, plant and equipment was recorded in "Other gains/(expenses)" (Note 8) line item of profit or loss.

Details with respect to impairment of right-of-use assets are disclosed in Note 15 to the financial statements.

Assets written-off

Property, plant and equipment with net book value amounting to \$435,000 (2021: \$548,000) were written off mainly due to closure of restaurants. These amounts are included in "Other gains/(expenses)" (Note 8) line item of profit or loss.

14. INTANGIBLE ASSETS

	Goodwill	Favourable	Customer	Total
	\$'000	agreement	contracts	\$'000
	\$'000	\$'000	\$'000	\$'000
Group				
Cost				
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	480	57	42	579
Accumulated impairment and amortisation				
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	480	57	42	579
Net carrying amount:				
At 31 December 2022	-	-	-	-
At 31 December 2021	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. INTANGIBLE ASSETS (CONT'D)

Favourable agreement and customer contracts

Favourable agreement and customer contracts include intangible assets acquired through business combinations.

Goodwill and impairment testing

The net carrying amounts of goodwill allocated to two cash-generating units ("CGUs") are as follows:

	Group	
	2022 \$'000	2021 \$'000
Goodwill:		
Tomo Izakaya Pte. Ltd.	468	468
ST Hospitality Pte. Ltd.	12	12
	480	480
Less:		
Accumulated impairment loss	(480)	(480)
At 31 December	-	-

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for restaurant premises and residential apartments/co-living premises used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

		Restaurant	Residential	
	Note	premises	apartments and	Total
		\$'000	co-living hotels	\$'000
		\$'000	\$'000	\$'000
Group				
At 1 January 2021		21,801	21,733	43,534
Additions		8,953	1,036	9,989
(Impairment charge)/write back of impairment loss	8	(3,517)	1,298	(2,219)
Charge for the year	9	(11,179)	(5,486)	(16,665)
Early termination of leases		(1,113)	(219)	(1,332)
Currency realignment		(4)	–	(4)
At 31 December 2021 and 1 January 2022		14,941	18,362	33,303
Additions		–	1,788	1,788
(Impairment charge)/write back of impairment loss	8	(514)	644	130
Charge for the year	9	(8,932)	(4,385)	(13,317)
Early termination of leases		(112)	(143)	(255)
Lease modification		11,042	133	11,175
Currency realignment		(21)	–	(21)
At 31 December 2022		16,404	16,399	32,803

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group	
	2022	2021
	\$'000	\$'000
At 1 January	42,937	53,900
Additions	1,756	9,989
Accretion of interest	2,620	3,054
Payments	(18,485)	(22,576)
Early termination of leases	(279)	(1,425)
Lease modifications	10,953	–
Currency realignment	(26)	(5)
At 31 December	39,476	42,937
Current	14,430	14,359
Non-current	25,046	28,578
At 31 December	39,476	42,937

During the financial year ended 31 December 2022, the Group had early terminated/extended various leases as a result of portfolio management. Consequent to the early termination/extension, the difference between the carrying value of right-of-use assets and the corresponding lease liabilities amounting to \$246,000 (2021: \$93,000) was recorded within the "Other income" (Note 6) line item of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The maturity analysis of lease liabilities are disclosed in Note 33.

The following are the amounts recognised in profit or loss:

	Note	Group	
		2022 \$'000	2021 \$'000
Depreciation of right-of-use assets	9	13,317	16,665
Interest on finance lease liabilities	7	2,620	3,054
Lease expense not capitalised in lease liabilities:			
– Fixed rental expense on short term leases and low value assets	9	1,713	1,514
– Contingent rental expense on operating leases	9	700	456
Total amount recognised in profit or loss		18,350	21,689

The Group had total cash outflow for leases of \$20,898,000 (2021: \$24,546,000) in the financial year ended 31 December 2022.

Under the terms of certain lease arrangements, the Group is required to pay monthly contingent rental expense on operating leases, computed based on a certain percentage of monthly gross revenue generated by the Group's operations at the leased premises. The base lease rental for 30 (2021: 35) lease arrangements increase over the lease terms.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (Note 3.1).

Impairment of assets

Right-of-use assets

For the financial year ended 31 December 2022, the Group recognised a net write back of impairment loss of \$130,000 (2021: net impairment loss of \$2,219,000), representing the net reversal/write down of these right-of-use assets to the recoverable amount. These amounts are recognised in "Other gains/(expenses)" (Note 8) line item of profit or loss.

The key assumptions used for the CGUs in the respective operating segments of the Group for impairment testing are disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. INVESTMENT PROPERTY

	Group	
	\$'000	
Statement of financial position:		
Cost		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022		1,450
Accumulated depreciation		
At 1 January 2021		532
Depreciation charge		58
At 31 December 2021 and 1 January 2022		590
Depreciation charge		58
At 31 December 2022		648
Net book value		
At 31 December 2022		802
At 31 December 2021		860
	2022	2021
	\$'000	\$'000
Statement of comprehensive income:		
Rental income from investment property	49	50
Direct operating expenses	(21)	(6)

The investment property has been pledged to a bank for facilities granted as disclosed in Note 27.

The investment property held by the Group as at 31 December 2022 and 2021 is as follows:

Description and location	Existing Use	Tenure
1 Sims Lane, #05-05 One Sims Lane, Singapore 387355	Tenanted	Freehold

Investment property is stated at cost less accumulated depreciation.

Valuation of investment property

In 2022, management engaged an independent valuer with a recognised and relevant professional qualification who assessed the fair value based on comparable market transactions of similar properties that have been transacted in the open market. The fair value of the investment property is disclosed in Note 32(b).

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	\$'000	\$'000
Shares, at cost	1,165	1,165
Amount due from a subsidiary (non-trade)	4,896	4,896
	6,061	6,061

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Composition of the Group

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2022	2021
<i>Held by the Company</i>				
⁽¹⁾ Katrina Holdings Pte Ltd	Singapore	Investment holding and restaurants operator	100	100
⁽¹⁾ ST Hospitality Pte. Ltd.	Singapore	Residential real estate management	100	100
<i>Held by Katrina Holdings Pte Ltd</i>				
⁽¹⁾ Bali Thai Food Catering Pte. Ltd.	Singapore	Provision of services to related companies	100	100
⁽¹⁾ Katrina International Pte. Ltd.	Singapore	Investment holding and manufacturing and distribution of food	100	100
⁽¹⁾ Tomo Izakaya Pte. Ltd.	Singapore	Restaurant operator	100	100
<i>Held by Katrina International Pte. Ltd.</i>				
⁽²⁾ Katrina Holdings Sdn. Bhd.	Malaysia	Dormant	–	100
⁽³⁾ PT. So Pho Food Indonesia	Indonesia	Restaurant operator	100	100
<i>Held by ST Hospitality Pte. Ltd.</i>				
⁽¹⁾ SOPL 1 Pte. Ltd.	Singapore	Residential real estate management	100	100
⁽⁴⁾ SOPL 2 Pte. Ltd.	Singapore	Dormant	100	100
⁽⁵⁾ SO Services Pte. Ltd.	Singapore	Domestic household cleaning	100	100
⁽⁴⁾ Straits Organization HK Limited	Hong Kong	Dormant	100	100

⁽¹⁾ Audited by Ernst & Young LLP, Singapore

⁽²⁾ Struck off from the register on 14 March 2022.

⁽³⁾ Audited by EVINCO Mulia Consulting

⁽⁴⁾ In the process of winding up

⁽⁵⁾ Audited by CKS Assurance PAC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. INVESTMENT IN JOINT VENTURE

The Group has 30% (2021: 30%) interest in the ownership of a joint venture, So Pho International Limited (“SIPL”) that is held through a subsidiary. The Group is considered to have joint control over the entity as it is able to exercise joint control over the relevant activities of the entity via shareholders’ agreement. This joint venture is incorporated in British Virgin Islands.

The Group has not recognised losses relating to SIPL as its share of losses exceeds the Group’s cost of investment of \$48 in the joint venture. The Group’s cumulative share of unrecognised losses at 31 December 2022 was \$399,000 (2021: \$356,000). The Group has no obligation in respect of these losses.

19. REFUNDABLE DEPOSITS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current				
Refundable rental deposits	1,598	2,033	–	–
Utilities deposits	129	262	–	–
Other refundable deposits	67	98	9	–
	1,794	2,393	9	–
Non-current				
Refundable rental deposits	3,708	4,098	–	–
Utilities deposits	195	100	–	–
Other refundable deposits	77	56	–	–
	3,980	4,254	–	–
Total refundable deposits (current and non-current)	5,774	6,647	9	–

Included in the refundable rental deposits is an impact arising from net accretion to present value of \$94,000 (2021: \$33,000), recognised in “Finance costs” (Note 7) line item of profit or loss.

Other refundable deposits

Other refundable deposits of the Group mainly comprise design and fittings deposits placed with landlords.

20. INVENTORIES

	Group	
	2022 \$'000	2021 \$'000
Consolidated statement of financial position:		
Raw materials (at cost)	146	155
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in profit or loss	9,516	8,674

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. TRADE RECEIVABLES

	Group	
	2022 \$'000	2021 \$'000
Trade receivables	1,066	1,327

Trade receivables

Trade receivables are non-interest bearing and are generally within 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are impaired

During the financial year ended 31 December 2022, the Group has written-off receivables amounting to \$23,000 (2021: \$15,000) relating to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Expected credit losses ("ECL")

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2022 \$'000	2021 \$'000
Movement in allowance accounts		
At 1 January	36	66
Reversal for the year	-	(30)
At 31 December	36	36

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. OTHER RECEIVABLES

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Grants receivables		–	6	–	–
Other debtors		614	1,183	110	–
Total other receivables		614	1,189	110	–
Add:					
– Trade receivables	21	1,066	1,327	–	–
– Refundable deposits (current and non-current)	19	5,774	6,647	9	–
– Amount due from a joint venture		103	103	–	–
– Amounts due from subsidiaries		–	–	4,936	5,561
– Cash and bank balances	23	5,490	7,200	417	81
Total financial assets carried at amortised cost		13,047	16,466	5,472	5,642

Grants receivables

Grants receivables of the Group mainly related to payroll-related grants.

Amount due from a joint venture

Amount due from a joint venture is non-trade related, unsecured, non-interest bearing and repayable upon demand.

Amounts due from subsidiaries

Amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and are repayable upon demand.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at banks and on hand	4,190	7,200	417	81
Short-term deposits	1,300	–	–	–
	5,490	7,200	417	81

Short-term deposits with a financial institution are for a period of less than 3 months (2021: nil). The weighted average interest earned from the short-term deposits is 1.19% (2021: nil).

Cash at banks does not earn interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. CASH AND CASH EQUIVALENTS (CONT'D)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2022 \$'000	2021 \$'000
Total cash at banks, on hand and short term deposits	5,490	7,200
Less: Bank deposits pledged	(1,300)	(500)
Cash and cash equivalents per consolidated statement of cash flows	<u>4,190</u>	<u>6,700</u>

Bank deposits pledged pertains to amounts earmarked by the Group's principal banker in connection with facilities granted as disclosed in Note 27.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current				
Trade payables	2,103	2,555	-	-
Other payables:				
CPF and salaries payables	1,631	1,527	296	257
GST payable	579	434	34	54
Security deposits from tenants	600	565	-	-
Amount due to a director	606	706	163	163
Other creditors	1,319	2,973	45	33
	<u>6,838</u>	<u>8,760</u>	<u>538</u>	<u>507</u>
Non-current				
Other payables:				
Security deposits from tenants	157	142	-	-
Total trade and other payables (current and non-current)	6,995	8,902	538	507
Add/(less):				
- Amounts due to subsidiaries	-	-	-	233
- Other liabilities	2,114	1,940	439	415
- Loans and borrowings (current and non-current)	6,644	10,299	-	-
- GST payable	(579)	(434)	(34)	(54)
Total financial liabilities carried at amortised cost	<u>15,174</u>	<u>20,707</u>	<u>943</u>	<u>1,101</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 90 days terms.

Amount due to a director

This amount is unsecured, non-trade related, non-interest bearing, repayable on demand and is expected to be settled in cash.

Amounts due to subsidiaries

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

25. OTHER LIABILITIES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Accrued operating expenses	1,111	1,031	75	148
Accrued payroll expenses and bonus	1,003	909	364	267
Accrued unconsumed leave	267	209	23	18
Deferred grant Income	-	257	-	-
	2,381	2,406	462	433

26. PROVISION

Provision for restoration costs refer to the estimated cost to reinstate the leased restaurant premises and certain co-living hotels to their original state upon the expiration of the lease terms.

Movements in provision for restoration costs:

	Group	
	2022 \$'000	2021 \$'000
At 1 January	1,264	1,366
Additions	-	60
Reversal	(34)	(39)
Utilisation	(178)	(132)
Discount rate adjustment	2	9
At 31 December	1,054	1,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. PROVISION (CONT'D)

	Group	
	2022 \$'000	2021 \$'000
Current	312	443
Non-current	742	821
At 31 December	1,054	1,264

27. LOANS AND BORROWINGS

	Maturity	Group	
		2022 \$'000	2021 \$'000
<i>SGD Bank Loans</i>			
– SGD loan at SIBOR + 2.0% p.a.	2023 (Note i)	84	427
– SGD loans at SIBOR + 2.5% p.a.	2023 (Note ii)	866	2,467
– SGD loans at SIBOR + 3.5% p.a.	Revolving (Note iii)	1,000	1,000
– SGD loan at COF + 2.0% p.a.	Revolving (Note iv)	1,000	1,000
– SGD loan at 2.75% p.a.	2025 (Note v)	3,190	4,405
– SGD loans at 3.5% p.a.	2023 (Note vi)	504	1,000
		6,644	10,299
Current portion		4,704	5,164
Non-current portion		1,940	5,135
		6,644	10,299

(i) SGD loan at SIBOR + 2.0% p.a.

The loan is repayable in 48 equal monthly instalments commencing in November 2019 and bears interest at Singapore Interbank Offered Rate ("SIBOR"), plus 2.0% per annum.

It is secured by continuing guarantees by the Company, mortgage of the investment property (Note 16) and assignment of rental proceeds relating to the investment property. It includes certain financial covenants. The loan becomes repayable on demand if there is breach of any of the covenants.

(ii) SGD loans at SIBOR + 2.5% p.a.

These term loans are repayable in 48 equal monthly instalments commencing in January 2019 and bears interest at SIBOR, plus 2.5% per annum.

They are secured by continuing guarantees by the Company and certain subsidiaries, mortgage of the investment property (Note 16) and assignment of rental proceeds relating to the investment property. It includes certain financial covenants. These loans become repayable on demand if there is breach of any of the covenants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. LOANS AND BORROWINGS (CONT'D)

(iii) SGD loans at SIBOR +3.5% p.a.

These loans are revolving term loans of 1 month, bears interest at SIBOR, plus 3.5% per annum.

They are secured by continuing guarantees by the Company, mortgage of the investment property (Note 16) and assignment of rental proceeds relating to the investment property. It includes certain financial covenants. These loans become repayable on demand if there is breach of any of the covenants.

(iv) SGD short term loan at COF + 2.0% p.a.

The loan is revolving term loan of 1 month, bears interest at COF plus 2.0% per annum.

It is secured by continuing guarantees by the Company. It includes certain financial covenants. The loan becomes repayable on demand if there is breach of any of the covenants.

(v) SGD loan at 2.75% p.a.

The loan is repayable over 60 equal monthly instalments commencing in June 2020 and bears interest at 2.75% per annum. For the first 12 monthly instalments commencing 1 month from the date of first drawdown, the Group shall only service the interest on the loan.

It is secured by continuing guarantees by the Company.

(vi) SGD loans at 3.5% p.a.

These loans are revolving term loans of 1 month, bears interest at 3.5% per annum.

They are secured by continuing guarantees by the Company. It includes certain financial covenants. These loans become repayable on demand if there is breach of any of the covenants.

The Group's subsidiaries did not fulfil the adjusted tangible net worth, debt service ratio and gearing ratio as required in the loan agreements. As at 31 December 2022, one of the Group's subsidiaries had obtained waiver from its banker with respect to the breach of certain loan covenants. In addition, another of the Group's subsidiaries had obtained waiver from its banker with respect to the breach of certain loan covenants subsequent to the financial year end. The loan is due in November 2023 and is accordingly classified as current.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. LOANS AND BORROWINGS (CONT'D)

The reconciliation of liabilities arising from financing activities is as follows:

	2021	Cash flows		Non-cash changes		2022
		Inflow	Outflow	Accretion of interest	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
SGD bank loans:						
– Current	5,164	–	(3,947)	–	3,487	4,704
– Non-current	5,135	–	–	292	(3,487)	1,940
	10,299	–	(3,947)	292	–	6,644
	2020	Cash flows		Non-cash changes		2021
		Inflow	Outflow	Accretion of interest	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
SGD bank loans:						
– Current	4,574	1,000	(2,806)	–	2,396	5,164
– Non-current	7,219	–	–	312	(2,396)	5,135
	11,793	1,000	(2,806)	312	–	10,299

Others pertains to reclassification of loans and borrowings from non-current to current.

28. SHARE CAPITAL

	Group and Company			
	2022		2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares				
At 1 January	231,521	8,192	231,521	8,192
Issuance of new shares arising from performance share plan	960	91	–	–
At 31 December	232,481	8,283	231,521	8,192

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

On 12 January 2022, 960,000 new ordinary shares has been allotted and issued in accordance to the grant of share awards under the KGL Performance Share Plan to Mr Goh Keng Hong.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29 FOREIGN CURRENCY TRANSLATION RESERVE

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

30. RELATED PARTY TRANSACTIONS

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(a) **Significant related party transactions**

	Group	
	2022	2021
	\$'000	\$'000
Licence fee from a joint venture of a subsidiary	10	10
Remuneration of employees related to directors of the Group	155	488
Payments/receipts by employees related to directors of the Group	68	836

(b) **Compensation of key management personnel**

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Group. The directors of the Group and the key management of the Group are considered as key management personnel of the Group.

	Group	
	2022	2021
	\$'000	\$'000
Directors' fees	161	153
Salaries, bonuses and other costs	1,458	1,000
Central Provident Fund and other pension costs	36	52
Other short-term benefits	23	134
	1,678	1,339
<i>Comprise amounts paid to:</i>		
Directors of the Company	1,374	755
Other key management personnel	304	584
	1,678	1,339

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. CONTINGENCIES AND COMMITMENTS

(a) **Capital commitments**

There is no capital expenditure contracted for as at the end of the reporting period that is not recognised in the financial statements.

(b) **Operating lease commitments – as lessor**

The Group has entered into residential apartment leases and commercial property leases on its investment property and commercial space for certain co-living premises. These non-cancellable leases have remaining lease terms of maximum 4 years (2021: 5 years).

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting periods are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Not later than one year	1,968	1,007
Later than one year but not later than five years	526	269
	<u>2,494</u>	<u>1,276</u>

(c) **On-going investigation by the Urban Redevelopment Authority**

Contingent liability comprises potential liability arising from matter relating to the investigation conducted by the Urban Redevelopment Authority (“URA”) into possible breaches of the minimum stay requirement in respect of the provision of short-term accommodation provided by ST Hospitality Pte. Ltd. (“STH”) as announced on SGX-ST on 22 June 2022 and 25 June 2022. The investigation by URA is still at an early stage and there is no indication as yet as to whether the URA will be making any allegations which STH would need to respond to. The outcome of the investigation by URA may uncover additional information that could have an impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follow:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the assets or liability.

Fair value measurement that uses inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The carrying amount of the Group's financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature, or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

(b) ***Assets not measured at fair value, for which fair value is disclosed***

The following table shows an analysis of the Group's assets not measured at fair value at 31 December 2022 and 2021 but for which fair value is disclosed:

	Significant unobservable inputs (Level 3)	
	2022 \$'000	2021 \$'000
Group		
Asset		
Investment property	<u>1,750</u>	<u>1,800</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The directors review and agree policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) **Credit risk (cont'd)**

- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

The Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime expected credit loss ("ECL"). The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Information regarding loss allowance movement of trade receivables is disclosed in Note 21.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Group has no significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from possible mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

To manage liquidity risk, the Group monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less \$'000	One to five years \$'000	After five years \$'000	Total \$'000
Group				
2022				
Financial assets:				
Trade receivables	1,066	-	-	1,066
Other receivables	614	-	-	614
Refundable deposits	1,794	4,190	-	5,984
Amount due from a joint venture	103	-	-	103
Cash and bank balances	5,490	-	-	5,490
Total undiscounted financial assets	<u>9,067</u>	<u>4,190</u>	<u>-</u>	<u>13,257</u>
Financial liabilities:				
Trade and other payables	6,259	157	-	6,416
Other liabilities	2,114	-	-	2,114
Lease liabilities	16,417	26,047	1,500	43,964
Loans and borrowings	4,916	1,983	-	6,899
Total undiscounted financial liabilities	<u>29,706</u>	<u>28,187</u>	<u>1,500</u>	<u>59,393</u>
Total net undiscounted financial liabilities	<u>(20,639)</u>	<u>(23,997)</u>	<u>(1,500)</u>	<u>(46,136)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) **Liquidity risk (cont'd)**

	One year or less \$'000	One to five years \$'000	After five years \$'000	Total \$'000
Group				
2021				
Financial assets:				
Trade receivables	1,327	–	–	1,327
Other receivables	1,189	–	–	1,189
Refundable deposits	2,393	3,395	1,065	6,853
Amount due from a joint venture	103	–	–	103
Cash and bank balances	7,200	–	–	7,200
Total undiscounted financial assets	<u>12,212</u>	<u>3,395</u>	<u>1,065</u>	<u>16,672</u>
Financial liabilities:				
Trade and other payables	8,326	142	–	8,468
Other liabilities	1,940	–	–	1,940
Lease liabilities	17,114	29,612	4,099	50,825
Loans and borrowings	5,434	5,272	–	10,706
Total undiscounted financial liabilities	<u>32,814</u>	<u>35,026</u>	<u>4,099</u>	<u>71,939</u>
Total net undiscounted financial liabilities	<u>(20,602)</u>	<u>(31,631)</u>	<u>(3,034)</u>	<u>(55,267)</u>

As at the end of the reporting period, all of the Company's financial assets and financial liabilities will mature in less than one year based on the carrying amount reflected in the financial statements.

(c) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rates risk arises primarily from its debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio. The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign exchange exposure.

Surplus funds are placed with reputable banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) **Interest rate risk (cont'd)**

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the Group's floating rate loans and borrowings, with all other variables held constant and the impact on the Group's profit/(loss) before tax.

	Increase/ decrease in basis points	Increase/ (decrease) in profit before tax \$'000
Group		
2022		
– Singapore dollar	+100	(29)
– Singapore dollar	-100	29
		<hr/>
	Increase/ decrease in basis points	Increase/ (decrease) in loss before tax \$'000
2021		
– Singapore dollar	+100	49
– Singapore dollar	-100	(49)
		<hr/>

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital comprises equity attributable to owners of the Company.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. SEGMENT INFORMATION

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products sold and services rendered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services, and serves different markets.

The Group is organised into two operating business segments, namely:

- (a) Hospitality; and
- (b) Food and beverages

	Hospitality \$'000		Food and beverages \$'000		Consolidated \$'000	
	2022	2021	2022	2021	2022	2021
<i>Revenue:</i>						
External customers	17,135	12,830	47,323	40,968	64,458	53,798
Inter-segment	-	-	-	-	-	-
	17,135	12,830	47,323	40,968	64,458	53,798
<i>Results:</i>						
Bad debts	-	(10)	(23)	(5)	(23)	(15)
Interest on loans and borrowings	(41)	(47)	(251)	(265)	(292)	(312)
Interest on finance lease liabilities	(1,394)	(1,682)	(1,226)	(1,372)	(2,620)	(3,054)
Reversal of expected credit losses on trade receivables	-	30	-	-	-	30
Income tax expense	(1)	-	(9)	(1)	(10)	(1)
Depreciation of property, plant and equipment	(806)	(365)	(1,255)	(1,599)	(2,061)	(1,964)
Depreciation of right-of-use assets	(4,385)	(5,486)	(8,932)	(11,179)	(13,317)	(16,665)
Depreciation of investment property	-	-	(58)	(58)	(58)	(58)
Interest income	1	-	3	-	4	-
Write back of/(impairment loss) on right-of-use assets, net	644	1,298	(514)	(3,517)	130	(2,219)
Write back of/(impairment loss) on property, plant and equipment, net	506	2,537	205	108	711	2,645
(Loss)/gain on early termination and modification of leases, net	-	(25)	246	118	246	93
Write-off of property, plant and equipment	(5)	(58)	(430)	(490)	(435)	(548)
Reversal of provision for restoration cost	-	-	34	39	34	39
Loss on disposal of property, plant and equipment	-	-	-	(51)	-	(51)
Segment net profit/(loss)	3,775	4,291	(311)	(4,505)	3,464	(214)
Segment assets	24,786	27,506	27,254	29,939	52,040	57,445
Segment liabilities	(23,466)	(27,810)	(33,878)	(38,510)	(57,344)	(66,320)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. SEGMENT INFORMATION (CONT'D)

Geographical information

	Revenue		Non-current assets	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Singapore	63,825	53,429	38,401	40,023
Hong Kong	-	17	-	-
Indonesia	633	352	186	501
	64,458	53,798	38,587	40,524

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment property and intangible assets presented in the consolidated statement of financial position.

36. SUBSEQUENT EVENTS

Striking off of SOPL 2 Pte. Ltd.

SOPL 2 Pte. Ltd. has been struck off on 9 March 2023.

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Group for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 13 April 2023.

SHAREHOLDINGS STATISTICS

AS AT 30 MARCH 2023

Issued and Fully Paid-Up Capital	:	\$8,774,206
No. of Ordinary Shares	:	232,481,008
No. of Treasury Shares and percentage	:	Nil
No. of Subsidiary Holdings Held and percentage	:	Nil
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	41	9.17	25,400	0.01
1,001 – 10,000	119	26.62	815,400	0.35
10,001 – 1,000,000	280	62.64	17,770,100	7.64
1,000,001 AND ABOVE	7	1.57	213,870,108	92.00
TOTAL	447	100.00	232,481,008	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	205,382,408	88.34
2	DBS NOMINEES (PRIVATE) LIMITED	2,598,900	1.12
3	SOH KIAN THIAM	1,436,000	0.62
4	SASIKUMARAN PILLAI S/O MANMATHAN PILLAI	1,214,000	0.52
5	YU HEA RYEONG	1,207,400	0.52
6	OCBC SECURITIES PRIVATE LIMITED	1,022,400	0.44
7	GOH KENG HONG	1,009,000	0.43
8	JAMES ALVIN LOW YIEW HOCK	878,500	0.38
9	JASON LIM ZHI QIAN (JASON LIN ZHIQIAN)	490,000	0.21
10	LIM BOON KER	400,000	0.17
11	ALAN GOH KENG CHIAN	392,600	0.17
12	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	384,700	0.17
13	HU WENYUAN	328,000	0.14
14	GOH SHEN SHU DONOVAN	327,200	0.14
15	RAFFLES NOMINEES (PTE.) LIMITED	303,600	0.13
16	PHILLIP SECURITIES PTE LTD	301,600	0.13
17	ANG CHAI CHENG	280,000	0.12
18	TOH SOCK KUAN	280,000	0.12
19	ANG AH BENG	250,000	0.11
20	KHOO POH CHOO	242,500	0.10
	TOTAL	218,728,808	94.08

SHAREHOLDINGS STATISTICS

AS AT 30 MARCH 2023

SUBSTANTIAL SHAREHOLDERS

As at 30 March 2023

Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Alan Goh Keng Chian	392,600	0.17	205,382,408 ¹	88.34
Madaline Catherine Tan Kim Wah	–	–	205,775,008 ²	88.51

Notes:

- ¹ Alan Goh Keng Chian is deemed to be interested in 107,521,904 ordinary shares registered in the name of HSBC (Singapore) Nominees Pte Ltd. He is also deemed to be interested in 97,860,504 ordinary shares held by his spouse Madaline Catherine Tan Kim Wah.
- ² Madaline Catherine Tan Kim Wah is deemed to be interested in 97,860,504 ordinary shares registered in the name of HSBC (Singapore) Nominees Pte Ltd. She is also deemed to be interested in 107,914,504 ordinary shares held by her spouse Alan Goh Keng Chian.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 30 March 2023, approximately 10.91% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with the Rule 723 (at least 10% held at public) of the Listing Manual of SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the “**AGM**” or the “**Meeting**”) of the Company will be held by way of electronic means on Friday, 28 April 2023 at 2.00 p.m. for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Auditor’s Report thereon. **Resolution 1**
2. To re-elect Mr Alan Goh Keng Chian who is retiring pursuant to Regulation 117 of the Company’s Constitution.
[See Explanatory Note 1] **Resolution 2**
3. To re-elect Mr Lam Kwong Fai who is retiring pursuant to Regulation 122 of the Company’s Constitution.
[See Explanatory Note 2] **Resolution 3**
4. To record the retirement of Mr Tan Juay Hiang, a director retiring pursuant to Regulation 117 of the Company’s Constitution, who will not seek for re-election. and will retire at the conclusion of the AGM.
[See Explanatory Note 3]
5. To approve the Directors’ Fees of \$161,495.89 for the financial year ended 31 December 2022. (FY2021: \$153,000) **Resolution 4**
6. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors to fix its remuneration. **Resolution 5**
7. To transact any other ordinary business which may be properly transacted at an AGM.

SPECIAL BUSINESS

To consider and, if thought fit, to approve the following Ordinary Resolutions, with or without modifications:

8. **Authority to allot and issue shares** **Resolution 6**

That pursuant to Section 161 of the Companies Act and Rule 806 of Catalist Rules of SGX-ST, the Directors be authorised and empowered to:

- (a) (i) allot and issue share 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 person as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with subparagraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with the sub-paragraph (2) below);
- (2) subject to such manner of calculation and adjustments as may be prescribed by SGX-ST for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (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) in the capital of the Company at the time this Resolution is passed, after adjusting for:
- (a) new shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time this Resolution is passed;
- (b) new shares arising from exercising share options or vesting of share awards which were issued and 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 Catalist Rules of 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 provision of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Company's Constitution for the time being; and
- (4) unless revoked or varied by the Company in general meeting, such authority conferred shall continue to be 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 4]

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to grant awards and to allot and issue shares under the Katrina Group Ltd. Performance Share Plan** **Resolution 7**

That pursuant to Section 161 of the Companies Act, the Directors be authorised to grant awards in accordance with the provisions of the Katrina Group Ltd. Performance Share Plan (“**KGL PSP**”) and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the awards granted under the KGL PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the KGL PSP when added to the number of Shares issued and issuable in respect of all awards granted under the KGL PSP, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

[See Explanatory Note 5]

By Order of the Board

Neo Lay Fen
Nor Hafiza Alwi
Company Secretaries

Singapore, 13 April 2023

Explanatory Notes:

1. Ordinary Resolution 2 – Mr Alan Goh Keng Chian will, upon re-election, continue to serve as the Executive Chairman and Chief Executive Officer of the Company.
2. Ordinary Resolution 3 – Mr Lam Kwong Fai (“**Mr Lam**”) will upon re-election, continue to serve as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees of the Company. Mr Lam is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Lam can be found in the Annual Report 2022. There are no relationships (including immediate family relationships) between Mr Lam and any of the Directors, the Company or its 5% shareholders.

Further information on the abovementioned directors can be found under the section title “Board of Directors” and “Corporate Governance Report” of the Annual Report 2022.

3. Mr Tan Juay Hiang (“**Mr Tan**”) will retire as an Independent Director of the Company at the conclusion of the AGM. Upon Mr Tan’s retirement, he will cease to be the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.
4. Ordinary Resolution 6 – if passed, will empower the Directors of the Company from the date of this AGM until the date 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares, excluding treasury shares and subsidiary holdings. For issues of Shares other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued shares, excluding treasury shares and subsidiary holdings at the time this resolution is passed.
5. Ordinary Resolution 7 – if passed, will empower the Directors, effective 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, or such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to allot and issue Shares pursuant to the awards granted under the KGL PSP up to a number not exceeding, in total, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

Shareholders of the Company (“**Shareholders**”) should take note of the following arrangements for the AGM of the Company.

1. **No attendance in person:** Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted to hold a physical meeting. To minimise physical interactions and keep COVID-19 transmission risk to a minimum, the AGM of the Company will be held by way of electronic means. Shareholders will NOT be allowed to attend the AGM in person.
2. **“Live” webcast and “live” audio feed:** Shareholders will be able to watch the AGM proceedings through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone.
3. **Online Pre-registration required to attend the AGM:** All Shareholders as well as investors who hold shares of the Company (“**Shares**”) through the Central Provident Fund (“**CPF**”) or Supplementary Retirement Scheme (“**SRS**”, and such investors “**CPF/SRS Investors**”), who wish to attend the AGM must pre-register online at the URL: <https://conveneagm.com/sg/katrina2023> (“**Pre-registration Website**”) no later than 2.00 p.m. on 25 April 2023 (the “**Registration Deadline**”) for verification purposes. Shareholders who wish to appoint a person or persons (other than the Chairman of the AGM (“**Chairman**”)) as a proxy or proxies to attend and vote at the AGM on their behalf must pre-register their proxy(ies) for the AGM no later than the Registration Deadline.

Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore (“**Companies Act**”)) or depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) (together, “**Relevant Intermediaries**”, and such investors “**Investors**”) (other than CPF/SRS Investors) who wish to attend the AGM should instead approach their Relevant Intermediary as soon as possible in order for the Relevant Intermediary to make the necessary arrangements to pre-register.

Following authentication of his/her/its status as Shareholders/proxies, authenticated Shareholders/proxies will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM to submit questions live and online (in real time) and to vote live and online (in real time) by 2.00 p.m. on 26 April 2023.

Shareholders and proxies who do not receive the email instructions by 2.00 p.m. on 26 April 2023 but have been pre-registered for the AGM by the Registration Deadline should contact the Company via email at info@katrinagroup.com immediately.

Shareholders who have received the email instructions must not forward the email instructions to other persons who are not Shareholders or who are not entitled to attend the AGM.

4. **Submission of Questions:** Shareholders who registered and have been authenticated as members of the Company will be able to ask questions relating to the resolution to be tabled for approval at the AGM during the AGM by submitting text questions via the chatbox function to input their queries upon joining the webcast. The Company will endeavour to respond to such queries during the AGM as far as reasonably practicable.

Shareholders and Investors may also submit questions in advance of the AGM. All questions, together with the full names, identification numbers, contact numbers, email addresses of the Shareholders and Investors and manner in which they hold Shares in the Company, must be submitted no later than 2.00 p.m. on 20 April 2023 via the Pre-registration Website at the URL: <https://conveneagm.com/sg/katrina2023> or via email to: info@katrinagroup.com. All substantial and relevant questions received by the Company from the Shareholders prior to the deadline of 2:00 p.m. on 20 April 2023 will be addressed by the Company at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms, and the responses will be published on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> by 21 April 2023, and also on the Company’s website at <https://www.katrinagroup.com>. Substantial and relevant questions which are submitted after 2:00 p.m. on 20 April 2023 will be consolidated and addressed either before the AGM via an announcement on SGXNet or at the AGM.

5. **Voting by Shareholders:** Shareholders who wish to exercise their voting rights at the AGM may:
 - (i) (where the Shareholder is an individual) attend and vote “live” at the AGM;
 - (ii) (where the Shareholder is an individual or a corporate) appoint proxy(ies) to attend and vote “live” at the AGM on their behalf; and
 - (iii) (where the Shareholder is an individual or a corporate) appoint the Chairman as proxy to vote on their behalf.

“Live” voting will be conducted during the AGM. **It is important for Shareholders and proxies to have their own web-browser enabled devices ready for voting during the AGM. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities.**

NOTICE OF ANNUAL GENERAL MEETING

Shareholders and proxies who have indicated their preference for “live” voting during preregistration may cast their votes at the AGM by following the instructions provided in the Confirmation Email.

Shareholders and proxies should therefore have their Confirmation Email containing the instructions handy for reference. Instructions will be provided at the start of the AGM on how to vote. For the avoidance of doubt, “live” voting is not permissible by the audio-only feed.

6. Appointment of Proxies:

- (i) Shareholders who wish to appoint proxies (other than the Chairman of the AGM) to attend the AGM and vote “live” at the AGM on their behalf must do both of the following:
 - (A) complete and submit the Proxy Form in accordance with the instructions below; and
 - (B) pre-register the proxy(ies) at the Pre-registration Website by the Registration Deadline.
- (ii) As an alternative to “live” voting, Shareholders may also vote at the AGM by appointing the Chairman of the AGM as proxy to vote on their behalf in respect of all the Shares held by them.

If a Shareholder wishes to appoint a proxy or proxies (including the Chairman) to vote at the AGM on their behalf, duly completed Proxy Forms must be deposited with the Company:

- (a) via post at the Registered Office of the Company at 180B Bencoolen Street #11-01-05 Singapore 189648 or
- (b) via electronic mail to info@katrinagroup.com, enclosing a clear scanned completed and signed Proxy Form.

The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. The dispensation of the use of common seal pursuant to the Companies Act 1967 is applicable at this AGM. Where the Proxy Form is executed by an attorney on behalf of the appointor the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

Proxy Forms must be received by the Company by 2.00 pm on 25 April 2023 (being 72 hours before the time appointed for the holding of the AGM). Proxy Forms can be downloaded from SGXNet at the URL: <http://www.sgx.com/securities/company-announcements>. In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolution to be tabled at the AGM. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion. For appointment of the Chairman of the AGM as proxy, specific directions as to voting must be given. Failing which, the appointment of the Chairman of the AGM as proxy will be treated as invalid.

The Company encourages Shareholders to submit the completed and signed Proxy Form via electronic mail. The Company may reject any instrument appointing a proxy lodged if the Shareholder appointing the proxy is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by CDP to the Company.

A Shareholder (who is not a Relevant Intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his/her/its behalf. A proxy need not be a Shareholder. Where a Shareholder appoints two proxies, the appointments shall be invalid unless he/she/it specifies the number of Shares or proportion of his/her/its shareholding to be represented by each proxy. A Shareholder 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 Shareholder. Where such Shareholder appoints two or more proxies, the appointments shall be invalid unless such Shareholder specifies the number of Shares to be represented by each proxy.

7. Voting by Investors holding Shares through Relevant Intermediaries:

Investors holding Shares through Relevant Intermediaries may exercise their votes in the following manner:

- (i) vote “live” at the AGM, if they are appointed as proxies by their respective Relevant Intermediaries; or
- (ii) specify their voting instructions to/arrange for their votes to be submitted by their respective Relevant Intermediaries.

Investors holding Shares through Relevant Intermediaries should not make use of the Proxy Form. Only Investors that have been duly appointed as proxies by their respective Relevant Intermediary may vote “live” at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) (as may be applicable) and wishes to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (that is, by 2.00 p.m. on 19 April 2023).

8. **Voting Results:** An independent scrutineer will be appointed by the Company to direct and supervise the counting and validation of all valid votes cast through “live” voting and through Proxy Forms received as of the above-mentioned deadline. The voting results will be announced during the AGM (and displayed onscreen for the “live” webcast) in respect of the resolutions put to the vote at the AGM. The Company will also issue an announcement on SGXNet on the results of the resolutions put to vote at the AGM.
9. **Minutes of AGM:** The Company will publish the minutes of the AGM on the Company website and on SGXNet within one month after the date of the AGM, and the minutes will include the responses to substantial and relevant questions from shareholders which are addressed during the AGM.

Documents and Information Relating to the AGM

Documents and information relating to the AGM (including the Notice of AGM and the Proxy Form) have been published on the SGXNet. Printed copies of the Notice of AGM and the Proxy Form will not be sent to Shareholders. In view of the evolving COVID-19 situation, Shareholders are advised to continue to check SGXNet regularly for any updates relating to the AGM.

Personal data privacy:

Where a Shareholder submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof or completes the Pre-registration in accordance with the Notice, a Shareholder (i) consents to the collection, use and disclosure of the Shareholder’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 (including any adjournment thereof); the processing of the Pre-registration for purposes of granting access to shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary; and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (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 Shareholder discloses the personal data of the Shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior 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, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder’s breach of warranty.

KATRINA GROUP LTD.
(Company Registration No.: 201608344N)
(Incorporated in the Republic of Singapore)

**PROXY FORM
ANNUAL GENERAL MEETING**

This proxy form has been made available on SGXNet and the Company's website and may be accessed at the URL <https://www.katrinagroup.com>. A printed copy of this proxy form will NOT be despatched to members of the Company.

IMPORTANT:

- The Annual General Meeting is being convened and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Order").
- Alternative arrangements relating to amongst others, (i) pre-registration and attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream); (ii) submission of questions in advance of the AGM or "live" at the AGM; (iii) addressing of substantial and relevant questions at the AGM; and (iv) voting "live" at the AGM or by appointing proxy(ies) to vote at the AGM, are set out in the Notice of AGM dated 13 April 2023, which has been uploaded on the SGXNet and the Company's website at the URL <https://www.katrinagroup.com>.
- Shareholders will not be able to attend the AGM in person. Shareholders who wish to exercise their voting rights at the AGM may: (a) (where the Shareholder is an individual) attend and vote "live" at the AGM; or (b) (where the Shareholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the AGM) to attend and vote "live" at the AGM on their behalf; or (c) (where the Shareholder is an individual or a corporate) appoint the Chairman of the AGM as proxy to vote on their behalf. Shareholders who wish to appoint proxy(ies) (other than the Chairman of the AGM) to vote "live" at the AGM on their behalf must, in addition to completing and submitting this Proxy Form in accordance with the instructions set out in the notes below, complete pre-registration of the proxy(ies) at the pre-registration website at the URL <https://conveneagm.com/sg/katrina2023> no later than 2.00 p.m. on 25 April 2023.
- For investors holding shares of the Company through Relevant Intermediaries including CPF/SRS investors, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors who wish to exercise their voting rights should approach their Relevant Intermediaries as soon as possible. CPF Investors or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Agent Banks to submit their votes by 2.00 p.m. on 19 April 2023.
- By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2023.

*I/We _____ (Name) _____ (NRIC/Passport No./Company Registration No.)
of _____ (Address)
being a *member/members of **KATRINA GROUP LTD** (the "**Company**"), hereby appoints

Name	Address	Email address	NRIC/ Passport No.	Proportion of Shareholdings	
				No. of Shares	%

and/or (delete as appropriate)

Name	Address	Email address	NRIC/ Passport No.	Proportion of Shareholdings	
				No. of Shares	%

or failing *him/her, the Chairman of the annual general meeting of the Company (the "**AGM**"), as *my/our proxy to vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on Friday, 28 April 2023 at 2.00 p.m. and at any adjournment thereof.

*I/We direct my *proxy/proxies to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her own discretion. In appointing the Chairman of the AGM as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, failing which the appointment will be treated as invalid.

All Resolutions put to the vote at the AGM shall be decided by way of poll.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, not to vote on that Resolution

No.	Resolutions relating to:	For	Against	Abstain
1.	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Auditor's Report thereon.			
2.	Re-election Mr Alan Goh Keng Chian as a Director of the Company.			
3.	Re-election of Mr Lam Kwong Fai as a Director of the Company.			
4.	Approval of the Directors' Fees of \$161,495.89 for the financial year ended 31 December 2022.			
5.	Re-appointment of Messrs Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.			
6.	Authority to allot and issue shares in the capital of the Company.			
7.	Authority to grant awards and to allot and issue shares in accordance with the provisions of the Katrina Group Ltd. Performance Share Plan.			

Dated this _____ day of _____ 2023.

Signature(s) of Member(s)/Common Seal of Corporate Member(s)

* Delete where inapplicable

Total no. of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. Please insert the total number of shares in the capital of the Company (“**Shares**”) held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the Shares held by you.

To minimise physical interactions and COVID-19 transmission risks, shareholders will NOT be able to attend the AGM in person. Shareholders (whether individuals or corporates) who wish to exercise their voting rights at the AGM may vote “live” themselves or via their appointed proxy(ies) (excluding the Chairman of the AGM) or appoint the Chairman of the AGM as their proxy to attend, speak and vote on their behalf at the AGM. In appointing the Chairman of the AGM as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

2. This instrument appointing the proxy/proxies must:
 - (a) if sent personally or by post, be lodged at the Registered office of the Company at 180B Bencoolen Street #11-01-05 Singapore 189648; or
 - (b) if submitted by email, to info@katrinagroup.com

in either case, by 2.00 p.m. on 25 April 2023 (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (the “**Proxy Deadline**”).

Shareholders who wish to submit an instrument of proxy must first download, complete and sign the Proxy Forms, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Shareholders are strongly encouraged to submit their completed proxy forms electronically via email.

3. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.
 - (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised. The dispensation of the use of common seal pursuant to the Companies Act 1967 is applicable at this AGM.
 - (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.
4. For Investors who hold their Shares through Relevant Intermediaries as defined in Section 181 of the Companies Act 1967 (including CPF Investors and SRS Investors) this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors or SRS Investors who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Agent Banks) to submit their voting instructions at least seven (7) working days prior to the date of AGM (i.e. by 2.00 p.m. on 19 April 2023), in order to allow sufficient time for their respective Relevant Intermediaries to in turn submit the Proxy Forms to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

“**Relevant Intermediary**” means: (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of Shareholders of the Central Provident Fund if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the shareholder, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 13 April 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

ALAN GOH KENG CHIAN
(Executive Chairman and CEO)

MADALINE CATHERINE TAN KIM WAH
(Executive Director)

LAM KWONG FAI
(Lead Independent Director)

TAN JUAY HIANG
(Independent Director)

JOAN LAU SAU CHEE
(Independent Director)

AUDIT COMMITTEE

LAM KWONG FAI (Chairman)

JOAN LAU SAU CHEE

TAN JUAY HIANG

NOMINATING COMMITTEE

TAN JUAY HIANG (Chairman)

LAM KWONG FAI

JOAN LAU SAU CHEE

REMUNERATION COMMITTEE

JOAN LAU SAU CHEE (Chairman)

LAM KWONG FAI

TAN JUAY HIANG

COMPANY SECRETARIES

NEO LAY FEN

NOR HAFIZA ALWI

REGISTERED OFFICE

180B Bencoolen Street
#11 – 01/05
The Bencoolen
Singapore 189648
Tel: (65) 6292 4748
Fax: (65) 6292 4238
Email: info@katrinagroup.com
Website: www.katrinagroup.com

COMPANY REGISTRATION NO.

201608344N

SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08
Prudential Tower
Singapore 049712

CONTINUING SPONSOR

Hong Leong Finance Limited
16 Raffles Quay
#01-05
Hong Leong Building
Singapore 048581

EXTERNAL AUDITOR

Ernst & Young LLP
One Raffles Quay North Tower,
Level 18
Singapore 048583
Partner-in-charge: Hah Yanying
(A practising member of the Institute of Singapore Chartered Accountants)
Date of appointment: Effective from financial year ended 31 December 2020
Number of years in-charge: 3 years

BANKERS

DBS Bank Ltd
United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

Katrina
GROUP LTD.

(Incorporated in the Republic of Singapore on 31 March 2016)
(Company Registration Number: 201608344N)

180B Bencoolen Street • #11-01/05 • The Bencoolen • Singapore 189648
Tel: (65) 6292 4748 • Fax: (65) 6292 4238

www.katrinagroup.com