



Incorporated in the Republic of Singapore | Registration No. 201608344N

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**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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This announcement 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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**

- 1(a)(i) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**COMBINED INCOME STATEMENT AND COMPREHENSIVE INCOME**

	<b>Group</b>		
	<b>FY2019</b>	<b>FY2018</b>	<b>Increase/ (Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	
<b>Revenue</b>	84,356	64,793	30.2%
Cost of sales	(76,781)	(58,618)	31.0%
<b>Gross profit</b>	7,575	6,175	22.7%
Other income	1,711	516	231.6%
Selling and distribution costs	(1,750)	(1,139)	53.6%
Administrative expenses	(7,304)	(4,791)	52.5%
Finance costs	(4,590)	(32)	N.M.
Other expenses	(2,137)	(130)	N.M.
(Loss)/profit before tax	(6,495)	599	N.M.
Income tax credit/(expense)	7	(168)	(104.2%)
<b>Net (loss)/profit for the year</b>	(6,488)	431	N.M.
Foreign currency translation	33	(21)	257.1%
<b>Total comprehensive income attributable to equity holders</b>	(6,455)	410	N.M.

- 1(a)(ii) Notes to the statement of comprehensive income**

The Group's (loss)/profit before tax was arrived after crediting/(charging) the following:

	<b>Group</b>		
	<b>FY2019</b>	<b>FY2018</b>	<b>Increase/ (Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	
Employee benefits	(26,700)	(22,343)	19.5%
Commission fees	2,930	2,386	22.8%
Government grants	491	317	54.9%
Depreciation of property, plant and equipment	(3,002)	(2,670)	12.4%
Depreciation of investment property	(58)	(39)	48.7%
Depreciation of right-of-use assets	(23,846)	-	N.M.
Amortisation of intangible assets	(99)	-	N.M.
Fixed rental expense on operating leases	(28,588)	(16,805)	70.1%
Contingent rental expense on operating leases	(1,002)	(775)	29.3%
Write-off of property, plant and equipment	(3)	(220)	(98.6%)
Impairment loss on property, plant and equipment	(540)	(88)	513.6%
Impairment loss on right-of-use assets	(929)	-	N.M.
Impairment loss on goodwill	(468)	-	N.M.
Provision for lease liability of loss-making outlets	-	(42)	N.M.
Interest on loans and borrowings	(212)	-	N.M.
Interest on finance lease liabilities	(4,590)	-	N.M.

N.M. – Not meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**COMBINED STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	As at 31 Dec 19 S\$'000	As at 31 Dec 18 S\$'000	As at 31 Dec 19 S\$'000	As at 31 Dec 18 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11,465	7,681	-	-
Right-of-use assets	70,682	-	-	-
Investment property	976	1,034	-	-
Intangible asset	12	579	-	-
Investment in subsidiary	-	-	6,061	6,061
Investment in joint venture	-*	-*	-	-
Refundable deposits	7,008	4,705	-	-
Deferred expenses	16	-	-	-
Deferred tax assets	9	-	-	-
	<b>90,168</b>	<b>13,999</b>	<b>6,061</b>	<b>6,061</b>
<b>Current assets</b>				
Inventories	176	203	-	-
Trade receivables	2,003	837	-	-
Other receivables	806	750	12	358
Refundable deposits	2,688	2,575	-	-
Deferred expenses	10	-	-	-
Prepayments	806	688	5	8
Amount due from a joint venture	103	103	-	-
Amount due from subsidiary	-	-	3,138	2,466
Tax recoverable	17	-	-	-
Cash and cash equivalents	5,714	6,538	128	241
	<b>12,323</b>	<b>11,694</b>	<b>3,283</b>	<b>3,073</b>
<b>TOTAL ASSETS</b>	<b>102,491</b>	<b>25,693</b>	<b>9,344</b>	<b>9,134</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	5,651	6,105	289	319
Other liabilities	3,597	2,567	253	361
Provision for restoration	376	414	-	-
Contract liabilities	934	498	-	-
Lease liabilities	24,562	-	-	-
Loans and borrowings	3,807	-	-	-
Provision for taxation	47	242	-	14
	<b>38,974</b>	<b>9,826</b>	<b>542</b>	<b>694</b>
<b>Net current (liabilities)/assets</b>	<b>(26,651)</b>	<b>1,868</b>	<b>2,741</b>	<b>2,379</b>

**COMBINED STATEMENTS OF FINANCIAL POSITION (CONT.)**

	Group		Company	
	As at 31 Dec 19 S\$'000	As at 31 Dec 18 S\$'000	As at 31 Dec 19 S\$'000	As at 31 Dec 18 S\$'000
<b>Non-current liabilities</b>				
Other payables	190	257	-	-
Contract liabilities	66	77	-	-
Provision for restoration	959	953	-	-
Amount due to director	-	455	-	-
Lease liabilities	49,809	-	-	-
Loans and borrowings	4,814	-	-	-
Deferred tax liabilities	151	142	-	-
	55,989	1,884	-	-
<b>TOTAL LIABILITIES</b>	94,963	11,710	542	694
<b>NET ASSETS</b>	7,528	13,983	8,802	8,440
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	8,192	8,192	8,192	8,192
Other reserves	32	(1)	-	-
(Accumulated losses)/Retained earnings	(696)	5,792	610	248
	7,528	13,983	8,802	8,440
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>102,491</b>	<b>25,693</b>	<b>9,344</b>	<b>9,134</b>

\*denotes amount less than \$1,000

- 1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

**Amount repayable in one year or less, or on demand**

As at 31 Dec 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,807	-	-	-

**Amount repayable after one year**

As at 31 Dec 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,814	-	-	-

### Details of Collaterals

The loans and borrowings comprise of a revolving credit facility of S\$2 million (2018: Nil) granted to a subsidiary and 4-year term loans of S\$6.621 million (2018: Nil) granted to 2 subsidiaries. Interest is charged at SIBOR plus 2% to 3.5% per annum. The loans and borrowings are secured by:

- (a) first legal mortgage over a subsidiary's investment property at 1 Sims Lane, #05-05, Singapore 387355,
- (b) the assignment of rental proceeds from the investment property in (a), and
- (c) the corporate guarantees of the Company and two subsidiaries.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

### COMBINED STATEMENTS OF CASH FLOWS

	The Group	
	FY2019	FY2018
	S\$'000	S\$'000
<b>Operating activities:</b>		
(Loss)/profit before tax	(6,495)	599
Adjustments for:		
Depreciation of property, plant and equipment	3,002	2,670
Depreciation of investment property	58	39
Depreciation of right-of-use assets	23,846	-
Impairment loss on property, plant and equipment	540	88
Impairment loss on right-of-use assets	929	-
Amortisation of intangible asset	99	-
Impairment loss on goodwill	468	-
Write-off of property, plant and equipment	3	220
Finance costs	212	32
Interest on finance lease liabilities	4,590	-
Interest income	(8)	(12)
Provision for restoration cost	(25)	-
Provision for lease liability of loss-making outlets	-	42
Currency realignment	33	(4)
Total adjustments	33,747	3,075
Operating cash flows before changes in working capital	27,252	3,674
Changes in working capital:		
Decrease/(increase) in inventories	27	(6)
(Increase)/decrease in trade and other receivables	(1,572)	318
Increase in refundable deposits	(2,896)	(620)
Increase in prepayments	(118)	(202)
(Decrease)/Increase in trade and other payables	(89)	820
Increase/(decrease) in other liabilities	1,030	(85)
Increase in contract liabilities	425	84
Decrease in amount due to directors	(105)	-
Total changes in working capital	(3,298)	309
Cash flows generated from operations	23,954	3,983

**1(c) COMBINED STATEMENTS OF CASH FLOWS (Cont'd)**

	<b>The Group</b>	
	<b>FY2019</b>	<b>FY2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Income tax paid	(205)	(16)
Interest paid	(194)	-
Interest received	8	12
<b>Net cash flows generated from operating activities</b>	<b>23,563</b>	<b>3,979</b>
<b>Investing activity:</b>		
Purchase of property, plant and equipment	(7,119)	(3,326)
Cash paid for restoration cost	(138)	(95)
Net cash outflow on acquisition of subsidiaries	-	(823)
<b>Net cash flows used in investing activity</b>	<b>(7,257)</b>	<b>(4,244)</b>
<b>Financing activities:</b>		
Proceeds from loan and borrowings	9,399	-
Repayments of loan and borrowings	(778)	-
Dividends paid to the shareholders	-	(602)
Lease payments	(25,751)	-
<b>Net cash flows used in financing activities</b>	<b>(17,130)</b>	<b>(602)</b>
Effects of exchange rate changes on cash and cash equivalents	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(824)</b>	<b>(867)</b>
Cash and cash equivalents at 1 January	6,538	7,405
<b>Cash and cash equivalents at 31 December</b>	<b>5,714</b>	<b>6,538</b>

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**COMBINED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owners of the Company				
	Share capital	Statutory reserve fund	Foreign currency translation reserve	(Accumulated losses)/Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>					
Balance at 1 January 2018	8,192	1	20	5,962	14,175
Profit for the year	-	-	-	431	431
Foreign currency translation	-	-	(21)	-	(21)
Reversal of reserve	-	(1)	-	1	-
Total comprehensive income for the year	-	(1)	(21)	432	410
Final dividend paid to the shareholders	-	-	-	(602)	(602)
Balance at 31 December 2018	8,192	-	(1)	5,792	13,983
Balance at 1 January 2019	8,192	-	(1)	5,792	13,983
Loss for the year	-	-	-	(6,488)	(6,488)
Foreign currency translation	-	-	33	-	33
Total comprehensive income for the year	-	-	33	(6,488)	(6,455)
<b>Balance at 31 December 2019</b>	<b>8,192</b>	<b>-</b>	<b>32</b>	<b>(696)</b>	<b>7,528</b>
<b>The Company</b>					
Balance at 1 January 2018	8,192	-	-	779	8,971
Profit for the year, representing total comprehensive income for the year	-	-	-	71	71
Final dividend paid to the shareholders	-	-	-	(602)	(602)
Balance at 31 December 2018	8,192	-	-	248	8,440
Balance at 1 January 2019	8,192	-	-	248	8,440
Profit for the year, representing total comprehensive income for the year	-	-	-	362	362
<b>Balance at 31 December 2019</b>	<b>8,192</b>	<b>-</b>	<b>-</b>	<b>610</b>	<b>8,802</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

<b><u>Ordinary shares of the Company</u></b>	<b>Number of shares</b>	<b>Issued and paid-up share capital S\$</b>
Balance as at 31 December 2018 and 31 December 2019	231,521,008	8,191,502

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2019 and 31 December 2018, the Company's issued and paid-up share capital comprised 231,521,008 ordinary shares.

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditor of the Company.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.



- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**
- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**
- This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable as the figures have not been audited or reviewed by the auditor of the Company.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year compared to the audited financial statements for the financial year ended 31 December 2018.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year ended as those of the audited financial statements for the financial year ended 31 December 2018, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial year except for adoption of SFRS(I) 16 Leases where the Group has applied a simplified transition approach and will follow a modified retrospective approach as of 1 January 2019. The Group has recognised right-of-use assets and lease liabilities of S\$49.6 million for its leases previously classified as operating leases as of 1 January 2019.

- 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per share ("EPS")	The Group	
	FY2019	FY2018
(Loss)/Profit attributable to equity holders of the Company (\$'000)	(6,488)	431
Weighted average number of ordinary shares	231,521,008	231,521,008
<b>Basic and diluted EPS (cents) <sup>(1)</sup></b>	<b>(2.80)</b>	0.19

<sup>(1)</sup> The basic and diluted EPS are the same as the Company did not have any potentially dilutive instruments for the respective financial years.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

Net asset value ("NAV") per ordinary share	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
NAV (S\$'000)	7,528	13,983	8,802	8,440
Number of ordinary shares	231,521,008	231,521,008	231,521,008	231,521,008
NAV per ordinary share (cents)	3.25	6.04	3.80	3.65

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**REVIEW OF FINANCIAL PERFORMANCE**

**Revenue**

Revenue has increased by S\$19.6 million or 30.2% from S\$64.8 million for the year ended 31 December 2018 ("FY2018") to S\$84.4 million for the year ended 31 December 2019 ("FY2019") due to the contribution of higher revenue of S\$15.0 million from the hospitality business acquired in December 2018 and a net increase in the number of outlets opened and newly acquired outlets in October 2018. The new outlets contributed S\$9.3 million to the increase in revenue whereas the closed outlets recorded S\$4.0 million lower in revenue for FY2019. The existing outlets contributed a decrease in turnover of S\$0.8 million in FY2019 as compared to FY2018.

**Cost of Sales**

Cost of sales, which comprised mainly food and beverage, employee benefits, short-term rental of restaurants and apartments, utilities, depreciation of right-of-use assets pertaining to leases of restaurants and apartments, commissions, depreciation of property, plant and equipment, and household items, increased by S\$18.2 million or 31.0% from S\$58.6 million in FY2018 to S\$76.8 million in FY2019. The hospitality segment contributed S\$13.3 million to the increase while F&B segment contributed the balance S\$4.9 million. The increase in cost of sales relating to the hospitality business was mainly due to short-term rental of apartments of S\$1.4 million, utilities of S\$0.7 million, agents' commission of S\$0.7 million and depreciation of right-of-use assets pertaining to leases of apartments of S\$8.9 million. The increase in cost of sales relating to the F&B business was mainly due to increase in employee benefits of S\$2.4 million, food cost of S\$1.6 million, online commission of S\$0.4 million and depreciation of right-of-use assets of S\$0.5 million resulting from the opening of new outlets.

**Gross profit**

Gross profit increased by S\$1.4 million or 22.7% from S\$6.2 million in FY2018 to S\$7.6 million in FY2019 due to the increase in revenue.

**Other Income**

The increase of S\$1.2 million in other income in FY2019 was mainly due to the compensation of S\$1 million received from a landlord relating to the hospitality segment for the termination of a tenancy agreement and S\$0.2 million from F&B segment due to higher advertisement and promotion sponsorship from beverage vendor and grants received from the government.

**Selling and distribution costs**

The selling and distribution costs increased by S\$0.6 million or 53.6% from S\$1.1 million in FY2018 to S\$1.7 million in FY2019 as more marketing efforts were engaged to promote the F&B as well as hospitality segments.

**Administrative expenses**

Administrative expenses increased by S\$2.5 million or 52.5% from S\$4.8 million in FY2018 to S\$7.3 million in FY2019 mainly due to the expenses incurred by the new hospitality segment. These expenses mainly comprised payroll related expenses, professional fees, transport, travelling and telecommunication expenses.

**Finance costs**

The increase of S\$4.6 million in finance costs was mainly due to unwinding of lease liabilities from adoption of SFRS(I)16 - Leases of S\$4.6 million and interest expense from bank borrowings of S\$0.2 million, offset by interest income of S\$0.2 million from accretion of refundable deposits.

**Other expenses**

Other expense increased by S\$2.1 million due mainly to impairment of property, plant and equipment, right-of-use assets and intangible assets.

**(Loss)/profit before tax**

Loss before tax of S\$6.5 million arose mainly due to the above-mentioned factors, of which hospitality segment contributed S\$2.3 million loss whereas F&B segment contributed S\$4.2 million loss.

**REVIEW OF FINANCIAL POSITION**

**Non-current assets**

The Group's non-current assets increased by S\$76.2 million from S\$14.0 million as at 31 December 2018 to S\$90.2 million as at 31 December 2019 mainly due to adjustment arising from adoption of SFRS(I)16 - Leases, resulting in recognition of right-of-use assets of S\$70.7 million. There were also increase in property, plant and equipment, and refundable deposits for new outlets amounting to S\$6.1 million, offset by decrease in intangible asset of S\$0.6 million.

**Current assets**

The Group's current assets increased by S\$0.6 million from S\$11.7 million as at 31 December 2018 to S\$12.3 million as at 31 December 2019 due to the increase in trade receivables, which is in line with the increase in revenue, the increase in refundable deposits, prepayments from hospitality business and partially offset by the decrease in cash and cash equivalents.

**Current liabilities**

The Group's current liabilities increased by S\$29.1 million from S\$9.8 million as at 31 December 2018 to S\$39.0 million as at 31 December 2019, mainly due to adoption of SFRS(I)16 - Leases and increase in bank borrowings.

**Non-current liabilities**

The Group's non-current liabilities increased by S\$54.1 million from S\$1.9 million as at 31 December 2018 to S\$56.0 million as at 31 December 2019, mainly due to adoption of SFRS(I)16 - Leases and increase in bank borrowings to finance the renovation of new F&B outlets and start-up costs of co-living hotels while partially mitigated by the repayment of amount due to director.

**Net current liabilities**

As at 31 December 2019, the Group was in a net current liabilities position of S\$26.7 million as compared to a net current assets position of S\$1.9 million as at 31 December 2018. This arose mainly as a result of current portion of lease liabilities of S\$24.6 million recognised as a result of adoption of SFRS(I)16 - Leases.

**Shareholders' equity**

The decrease in Group's shareholders' equity of S\$6.5 million as at 31 December 2019 was mainly the result of the loss incurred during the year.

**REVIEW OF CASH FLOWS**

The Group generated net cash of S\$27.3 million from operating activities before changes in working capital. Net cash used in working capital amounted to S\$3.3 million mainly due to increase in trade and other receivables of S\$1.6 million, refundable deposits of S\$2.9 million, and net increase in trade, other payables and other liabilities of S\$1.0 million. As a result, the net cash flows from operating activities was S\$23.6 million after income tax payments of S\$0.2 million and interest paid of S\$0.2 million.

Net cash used in investing activities amounted to S\$7.3 million due to purchase of property, plant and equipment for new outlets.

Net cash used in financing activities of S\$17.1 million was due to the lease payments and partially mitigated by the increase in bank borrowings.

As a result of the above, the cash and cash equivalents for the year decreased by S\$0.8 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group has not issued any forecast or prospect statement to the shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Singapore's F&B industry, and the restaurant sector in particular, continues to face pressure owing to slowing economic growth, rising operating costs, and labour shortage and the recent COVID-19 outbreak. The COVID-19 outbreak caused the domestic consumption in Singapore to decline as locals cut back on dining-out activities. Consumer trends continue to lean towards greater convenience and flexibility of choice, and growing demand for options such as online deliveries and sustainable practices. Our focus for the Group remains on effective cost management, streamlining of processes, reduction of wastages and it will progress in tandem with the changing consumer trends to broaden its reach in the local market.

As at 31 December 2019, the total number of outlets for the Group stood at 5 overseas and 44 in Singapore. In Singapore, there were 4 new outlets opened and 3 non-performing outlets closed. In addition, one outlet changed its brand from Indobox to Honguo in FY2019. The Group will be closing 5 outlets in the next 12 months.

The Group will continue to explore untapped overseas opportunities to export its homegrown brands. The Group and Hong Kong-listed Ajisen Group have opened 4 outlets under the "So-Pho" brand in the PRC as at 31 December 2019, 3 in Shanghai and one in Guangzhou. In 2020, Ajisen will be closing the outlet in BaiLian mall, Shanghai as there is no potential for growth. Separately, the Group's maiden outlet in Indonesia, in Plaza Senayan, Central Jakarta under the "So Pho" brand was opened in February 2019. The Group has opened another outlet in Central Park Mall, West Jakarta in February 2020.

Alongside the initiatives for its F&B business, the Group is building up its hospitality business to provide a secondary revenue base and cross-sector collaboration opportunities. As at 31 December 2019, SOPL Group currently leases and manages 233 serviced apartments, 3 apartment buildings comprising 143 apartment units as well as 2 co-living hotels comprising about 132 rooms across Singapore and 18 serviced apartments in Hong Kong. The Group will continue to monitor the occupancy rate and pricing of its existing portfolio to improve its competitive edge.

Sustainable growth remains a priority for the Group. To cope with the COVID-19 situation, the Group will negotiate for short-term rental rebates from landlords, revise the restaurants' operating hours, stagger working hours of employees, minimize wastages and implement other cost management measures in addition to the stabilisation and support relief measures from the government.

**11. Dividend**

**(a) Any dividend declared for the current financial year reported on?**

Nil for FY2019

**(b) Corresponding period of the immediate preceding financial year?**

Nil for FY2018

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividends is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable.

- (d) **Date payable**

Not applicable.

- (e) **Books closure date**

Not applicable.

- 12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

There is no dividend declared or recommended for FY2019 as the Group is loss-making for the year.

- 13. If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for IPT.

The following are the IPT transactions during the current financial year:

The Company is required to furnish to the MOM a security bond of S\$5,000 for each foreign worker the Company engages. Our Group has made arrangements with certain insurers for the insurers to issue letters of guarantee in lieu of the security bonds. Our CEO and Executive Chairman, Alan Goh, and our Executive Director, Catherine Tan, have in turn provided indemnities to the insurers in respect of any amounts claimed under the letters of guarantee.

Details of the aggregate indemnities provided by these Interested Persons in connection with the security bonds during the Relevant Period are as follows:

	<b>As at 31 December 2019 (S\$'000)</b>
Aggregate indemnity in connection with the security bonds	285

- 14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

- 15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Hospitality S\$'000		Food & Beverage S\$'000		Consolidated S\$'000	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Revenue:						
External customers	15,441	485	68,915	64,308	84,356	64,793
Inter-segment	-	-	-	-	-	-
	15,441	485	68,915	64,308	84,356	64,793
Results:						
Interest on loans and borrowings	(197)	-	(15)	-	(212)	-
Income tax	-	-	7	(168)	7	(168)
Depreciation of property, plant and equipment	(135)	(1)	(2,867)	(2,669)	(3,002)	(2,670)
Depreciation of investment property	-	-	58	39	58	39
Depreciation of right-of-use assets	8,866	-	14,980	-	23,846	-
Amortisation of intangible assets	42	-	57	-	99	-
Impairment loss on goodwill	-	-	468	-	468	-
Impairment loss on right-of-use assets	-	-	929	-	929	-
Impairment loss on property, plant and equipment	-	-	(540)	(88)	(540)	(88)
Segment net (loss)/profit	(2,334)	(60)	(4,154)	491	(6,488)	431
Segment assets:	48,578	2,031	53,913	23,662	102,491	25,693
Segment liabilities	(45,418)	(2,198)	(49,545)	(9,512)	(94,963)	(11,710)

- 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Note 8.

**17. Breakdown of revenue and net profit**

	Group		Increase/ (Decrease) %
	FY2019 S\$'000	FY2018 S\$'000	
Sales reported for:			
(a) First half of the financial year	40,336	30,755	31.2
(b) Second half of the financial year	44,020	34,038	29.3
	84,356	64,793	30.2
Net (loss)/profit reported for:			
(a) First half of the financial year	(2,081)	31	N.M.
(b) Second half of the financial year	(4,407)	400	N.M.
	(6,488)	431	N.M.

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

Nil for FY2019 and FY2018.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Goh Shen Shu Donovan	31	Son of the Chief Executive Officer and the Executive Director	Business Development Manager in a wholly-owned subsidiary of the Company since 15 December 2017. He is responsible for developing and implementing growth opportunities in existing and new markets to drive sustainable financial growth.	no changes in duties and position

On behalf of the Board

Alan Goh Keng Chian  
CEO and Executive Chairman  
29 February 2020