Greater Efficiency Through Transformation

ANNUAL REPORT 2021

Katrina
GROUP LTD.

Our diverse and resilient structure ensures us of secure long-term competitiveness through scale and efficiency, while quickly acclimating to the new normal defined by uncertainties.

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CORPORATE INFORMATION

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

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

F&B – Bali Thai, Honguo, Hutong, Muchos, RENNthai, So Pho, Streats, Tomo Izakaya

Each brands serves authentic cuisines of different ethnicity, including Indonesian, Thai, Hong Kong, Yunnan, Northern Chinese, Mexican, 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 eight proprietary F&B brands, Bali Thai, So Pho, and Streats, 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 & 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 Novena, and many others located in various accessible parts of Singapore.

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.

CORPORATE MILESTONES

1995
Started operating "Katrina Nasi Padang"

1995
Launched first restaurant in West Mall

2001
Ventured into mid-range dining fare

2006
Launched 2 new brands

2007
Launched first chain of Chinese restaurants

2008
Introduced additional mid-range brand

2010
Developed first non-Asian brand

2013
Introduced new Indonesian brand and first Vietnamese brand

2015
Launched online food ordering and delivery services for Bali Thai, So Pho and Streats

2016
Listed on SGX-Catalist

2017
Katrina and Ajisen China opened one outlet under the "So-Pho" brand in Shanghai in FY2017

2018
Katrina and Ajisen China opened one outlet under the "So-Pho" brand in Guangzhou in HY2018.

Katrina and Ajisen China opened one outlet under the "So-Pho" brand in Shanghai by end-2018 at New Raffles City, Ma Dang Road

Acquired Japanese cuisine F&B business

Diversified into hospitality sector managing serviced apartments under the brand of ST Residences

2019
Opened its maiden outlet in Indonesia, in Plaza Senayan, Central Jakarta under the "So Pho" brand name

Launch of first 2 ST Signature Co-living hotels

2020
F&B
Awarded SG CLEAN quality marks

Hospitality:
Awarded SG CLEAN quality marks
2 co-living hotels and Signature Lite (Dayuse launched)

F&B BUSINESS

The Group specializes in multi-cuisine concepts and restaurant operations under 8 different F&B brands, namely, Bali Thai, So Pho, Streats, Honguo, Hutong, Muchos, RENNthai, 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

BALI·THAI

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.

CASUAL DINING BRANDS

红锅 HONGUO

Yunnan Chinese Cuisine

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

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

SO PHÔ

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

Northern Chinese Cuisine

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

Hutong offers traditional Northern Chinese cuisine with a contemporary twist to cater to Chinese expatriates and tourists in Singapore. Its décor is designed to exude the charm of old China with antique dark-wooded screens and tables, billowing Chinese silk drapes and red lanterns, to create a sentimental vibe of reminiscence of the beauty of ancient Beijing.

Japanese cuisine

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

Tomo Izakaya restaurant captures the essence of the traditional izakaya with its chic, minimalist Zen-like décor 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.

Thai Cuisine

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

RENNthai serves traditional Thai cuisine. The restaurant's intimate indoor seating is furnished with exotic embellishments, while the alfresco area offers a refreshing waterfront view.

Mexican cuisine

Order: order.muchos.com.sg/

Muchos Mexican Bar and Restaurant serves classic Mexican dishes.

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.

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 providing 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...

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 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.

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.

HOSPITALITY BUSINESS

ST SIGNATURE JALAN BESAR

ST Signature Jalan Besar (SG Clean) is nestled amidst 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 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 AND CEO'S STATEMENT

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

MR. ALAN GOH KENG CHIAN
Founder, Executive Chairman and CEO

CHAIRMAN AND CEO'S STATEMENT

Dear Shareholders,

Year Two of the pandemic continued to bring challenges to our Group. Building on our experience learnt during the pandemic, we have learnt to adapt; consolidate and re-direct our resources and business where they could have more impact. In FY2021, we closed off 4 Food and Beverage ("**F&B**") outlets in Singapore and 1 F&B outlet in Indonesia, while opening 1 new F&B outlet in Singapore, So Pho at Marina Bay Sands as we see potential for this outlet location. We also streamlined our presence on online platforms by ending the partnerships with those platforms that did not contribute to much customer traffic and reduced the number of service apartments under our management. We also decided to exit the Hong Kong market, as Hong Kong's Zero-Covid policy has restricted international travel.

With the reduction in business activity for the Group, we have taken the chance to continue our digital transformation journey. In late 2021, we have rolled out a new self check-in app with facial and optical character recognition at one of our hotels. This is to enhance and personalise the guest experience. I am pleased to note that this new app will be progressively rolled out to the rest of our hotels in 2022.

We have also rolled out a new QR code method for ordering at most of our F&B outlets in 2021 and will continue to roll out to the rest of the F&B outlets in 2022. We expect this to help boost the efficiency of ordering, and enhance the diner experience.

YEAR IN REVIEW

The Covid-19 related dine-in restrictions affected our F&B segment, resulting in reduced footfall and revenue. In spite of our harnessing of technology for take-away and deliveries since the start of the pandemic in 2020, revenue from this route is still insufficient to cover the revenue shortfall from dining in. Fortunately, with the opening of the Vaccinated Travel Lanes ("**VTLs**"), business has started to pick up for the Hospitality segment in the last quarter of FY2021.

At the consolidated Group level, we booked revenue of $53.8 million for FY2021, a slight reduction of 6.3% from $57.4 million in FY2020. In spite of the reduction in cost of sales, administrative expenses and finance costs, and the recognition of a net other gains, we still recorded a net loss of $214,000 for FY2021, albeit a significantly lower loss than the prior year of $16.3 million.

The Group continues to see an emphasis of matter highlighted by the independent auditors, Messrs Ernst & Young LLP, on 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.

To note, the Group's net cash flows generated from operating activities in FY2021 was $22.8 million while cash and cash equivalents at 31 December 2021 was $6.7 million.

On behalf of the Board of Directors, I am pleased to share that the Board has noted the improvement in the Group's performance over the financial year in review and that the Group will 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 weather the long-standing Covid-19 storm with added resolve and flexibility.

OUTLOOK

As of March 10, 2022, Singapore's national vaccination rates, according to the Ministry of Health, are at 95% of the eligible population while over 69% have taken their booster shots. While cases have increased with the spread of the highly transmissible Omicron variant, serious case numbers have been manageable.

[1] https://www.channelnewsasia.com/singapore/covid-19-cases-mar-10-moh-new-cases-deaths-hospital-icu-2554441 (Singapore reports 16,165 new cases, 6 deaths. Channel News Asia, March 10, 2022)

CHAIRMAN AND CEO'S STATEMENT

Globally, many countries have decided that their populations are sufficiently vaccinated and their critical health systems not under strain with Covid-19 cases. On this basis, many have proceeded to re-open their economies and gradually allow international travel. The Singapore government is doing the same. It has decided to live with Covid-19 and treat it as endemic. As such, it has continued with its aim of gradually re-opening its economy and borders.

This should augur well for our Group business in the new financial year 2022, but we are adopting a cautious outlook as business challenges still remain, with ever increasing operating costs in areas such as manpower, food cost and utilities.

We will have to wear our cost containment hat more, and source for better value suppliers while employing wider cost-benefit analysis to our activities.

For our F&B segment, we note that the new changes to Covid-19 safe management measures that come into effect from 29 March 2022 allow up to 75% of the workforce to return to office, increase the maximum group size for dine-in to 10 vaccinated people, as well as lift the restriction on the sale and consumption of alcohol after 10.30pm. This lays the ground well for our business for the new year.

We will continue to innovate to create new dishes to cater to our customers, as well as carry out a series of F&B rebranding exercises to rejuvenate our brands. We will press on with our marketing and promotions to target the growing pool of potential customers. We will also further leverage on our social media marketing to entice our tech-savvy customers to dine-in or order takeaway with us.

As for our Hospitality segment, we are encouraged with the re-opening of our borders to all fully vaccinated travellers effective from 1 April 2022. We believe that the business environment should see a positive ripple effect, with possibly higher occupancy rates and revenue going forward, both for our hotels and service apartments.

Nonetheless, we will remain cautious and monitor the evolving Covid-19 situation, responding with agility and speed to any new developments. On that note, I am confident that our experience accumulated over these recent years of the pandemic places us in good stead to manage further changes in our operating environment.

As we navigate our corporate ship into the new financial year, we will continue to be open to change and look for opportunities within these developments. 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 Kong King 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 dedication and hard work.

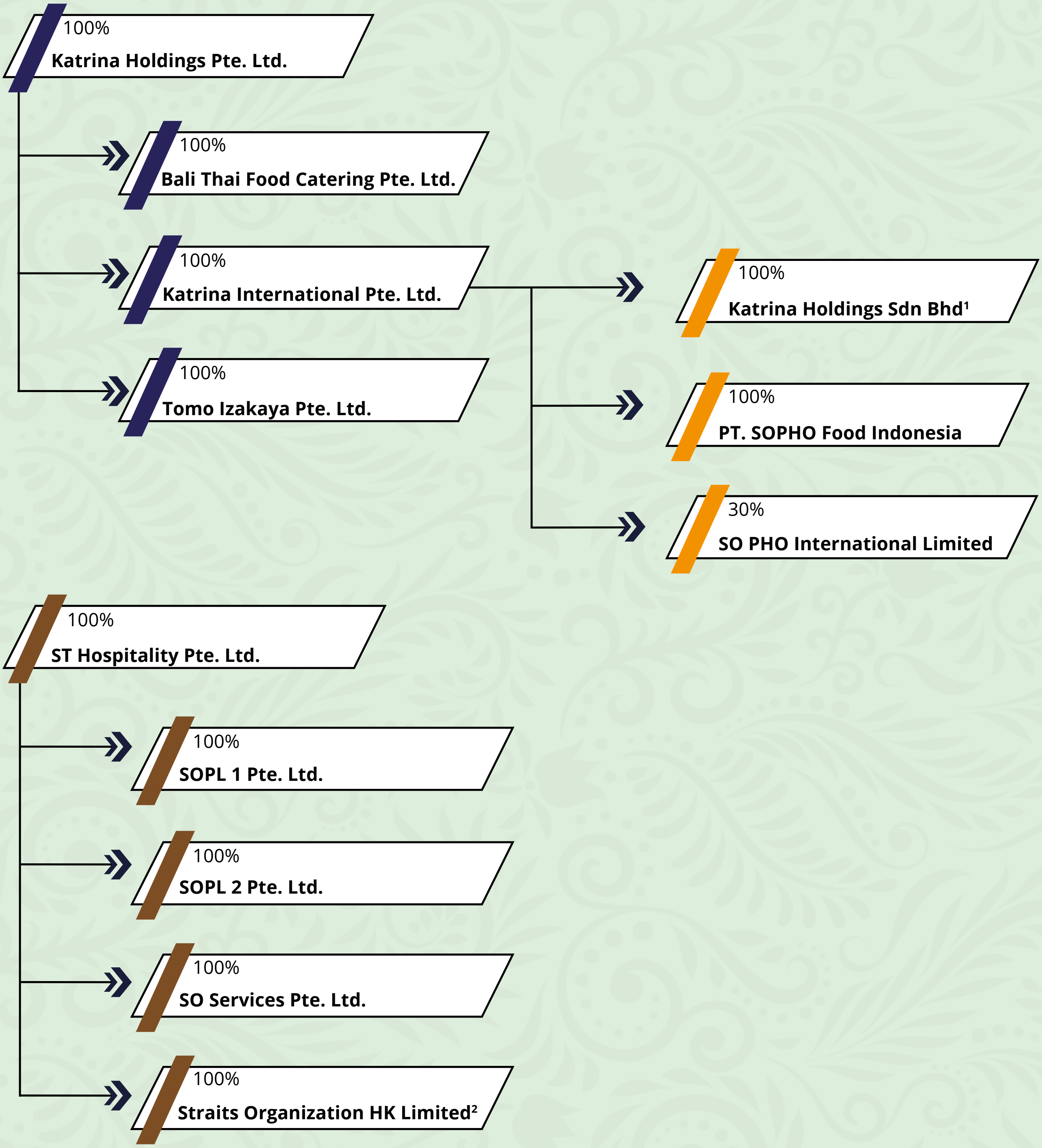
To all our business partners and customers, we would like to express our appreciation for your support and trust in us.

Lastly, to our shareholders, thank you for believing and standing by us. We are committed to ride through this storm. Together, we will remain strong and move ahead.

ALAN GOH KENG CHIAN
EXECUTIVE CHAIRMAN AND CEO

GROUP STRUCTURE

Katrina GROUP LTD.



Note:
The Group has registered 4 sole proprietorships, namely So Pho Viet Cafe, ST Residences, ST Signature and ST Real Estate. These are registered to reserve the name and are currently dormant.

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[1]Struck off on 14 March 2022
[2]In the process of winding up

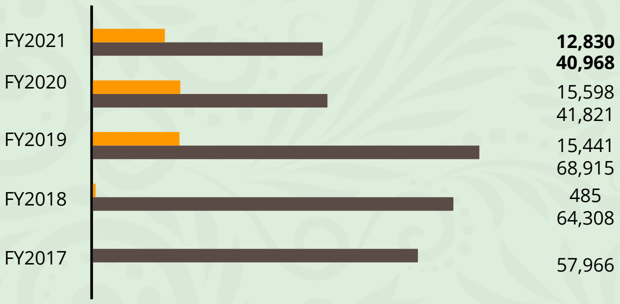
FINANCIAL HIGHLIGHT

Income Statement (S$'000)	FY2021		FY2020		FY2019		FY2018		FY2017
	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality	F&B
Revenue	40,968	12,830	41,821	15,598	68,915	15,441	64,308	485	57,966
EBITDA[1]	9,968	11,871	14,379	3,172	16,400	8,912	3,364	(55)	3,490
Adjusted EBITDA[2]	(1,833)	670	1,219	(1,057)	1,820	(322)	3,364	(55)	3,490
Financial Position (S$'000)	**FY2021**		**FY2020**		**FY2019**		**FY2018**		**FY2017**
	F&B	**Hospitality**	**F&B**	**Hospitality**	**F&B**	**Hospitality**	**F&B**	**Hospitality**	**F&B**
Total Assets	29,939	27,506	44,048	28,236	53,975	48,620	23,662	2,031	22,755
Total Liabilities	(38,510)	(27,810)	(47,530)	(33,408)	(49,386)	(45,515)	(9,512)	(2,198)	(8,580)
Cash and Cash Balances	5,573	1,627	8,958	1,680	4,512	1,202	6,037	501	7,405
Basic and diluted earnings per ordinary shares (cents)	(1.94)	1.85	(2.29)	(4.77)	(1.72)	(1.01)	0.21	(0.02)	0.43

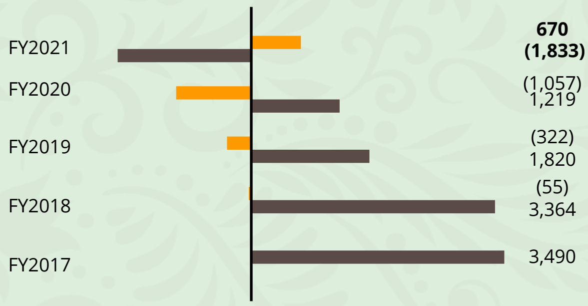
[1] EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation.
[2] Adjusted EBITDA: EBITDA less lease payments and impairment losses.

F&B **Hospitality**

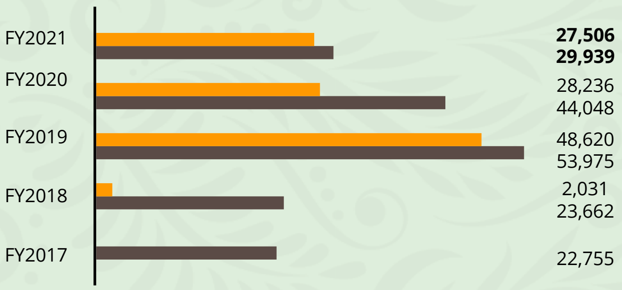
REVENUE ($'000)



ADJUSTED EBITDA[2]



TOTAL ASSETS



TOTAL LIABILITIES

FINANCIAL REVIEW

OVERVIEW

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 operates 34 restaurants (31 December 2020: 37) and 1 cloud kitchen (31 December 2020: nil) in Singapore and 1 restaurant (31 December 2020: 2) in Indonesia under 8 different F&B brands (31 December 2020: 9).

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 to the customers staying in service apartments and co-living hotels under SO Services Pte. Ltd..

The Group had approximately 71 units of service apartment (31 December 2020: 200), 2 blocks of service apartments (31 December 2020: 3) and 4 co-living hotels (31 December 2020: 4) in Singapore.

REVIEW OF FINANCIAL PERFORMANCE

The Group's revenue for the year ended 31 December 2021 ("**FY2021**") was $53.8 million, a decrease of $3.6 million or 6.3% as compared to $57.4 million for the year ended 31 December 2020 ("**FY2020**").

Revenue for the Group F&B decreased slightly by $0.8 million or 2.0% from $41.8 million in FY2020 to $41.0 million in FY2021, due to the reduction in the number of outlets as well as the impact of the Covid-19 restriction for dine-in sales as there are several periods in FY2021 whereby the maximum allowed dine-in group size is 5 people instead of 8 people in FY2020.

Revenue for Group Hospitality decreased by $2.8 million or 17.7% from $15.6 million in FY2020 to $12.8 million in FY2021. The decrease was mainly due to the reduction in revenue generated from the service apartments ($4.1 million) as the Group sought to mitigate the impact of the Covid-19 by returning the units, as well as pulling out from the Hong Kong market. The decrease in revenue from the service apartments is offset by the increase in revenue from the hotels ($1.3 million) arising from the start of the Vaccinated Travel Lane ("**VTL**") in the last quarter of FY2021.

Cost of sales mainly comprises of 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 $7.9 million or 13.0% from $61.2 million in FY2020 to $53.3 million in FY2021.

Cost of sales for Group F&B decreased by $3.0 million or 6.5% from $46.1 million in FY2020 to $43.1 million in FY2021 mainly attributable to the decrease in depreciation for right-of-use assets and property, plant and equipment of $3.4 million and $0.8 million respectively, largely due to the impairment charge recognised in FY2020. This is offset by the higher operating costs, e.g., food costs and staff cost of $0.3 million and $0.9 million respectively.

Cost of sales for Group Hospitality decreased by $4.9 million or 32.8% from $15.1 million in FY2020 to $10.2 million in FY2021 largely due to the decrease in depreciation for right-of-use assets and property, plant and equipment of $5.4 million and $0.6 million respectively, as a result of the impairment charge recognised in FY2020. This is offset by the net increase of $1.2 million arising from short-term lease expenses.

The Group recorded a gross profit of $0.5 million in FY2021 vis-à-vis a gross loss of $3.8 million in FY2020. Group F&B reported a gross loss of $2.1 million and Group Hospitality reported a gross profit of $2.6 million.

Other income mainly relates to the government grants, which include Jobs Support Scheme ("**JSS**"), Foreign Worker Levy rebate, Wage Credit Scheme ("**WCS**"), 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 18.3% to $10.2 million in FY2021 from the corresponding period.

The decrease for FY2021 vs FY2020 is largely attributable to the decrease in rental concessions of $1.4 million and government grants of $0.8 million.

Rental concessions have decreased due to the lower rental rebates received from landlords during this financial year as well as the absence of property tax rebate given by the government during this financial year, offset by rental support from the government. Government grants have decreased due to the grants received under the JSS and WCS as the government gradually tapered down the level of grants provided from the second half of calendar year 2020, coupled with the decrease in the Group's eligible headcount due to attrition and closure of outlets.

Selling and distribution costs increased by $0.3 million or 29.6% from $1.1 million in FY2020 to $1.4 million in FY2021 due to the increase in marketing and advertising expense in relation to promotion and social media marketing for brand awareness.

Administrative expenses decreased by $0.5 million or 7.2% from $7.1 million in FY2020 to $6.6 million in FY2021 mainly due to the decrease in staff cost and other expenses of $0.3 million and $0.1 million. Staff cost decreased mainly as a result of an overall reduction in headcount, offset by the provision of variable bonus for FY2021. In FY2020, there were no provision of variable bonus made.

Finance costs decreased by 31.7% to $3.3 million in FY2021. The decreases were mainly related to the decrease in lease interest expense.

In FY2020, the Group recognised other expenses of $12.0 million relating to the impairment loss on right-of-use assets and property, plant and equipment of $6.4 million and $5.6 million respectively. In FY2021, the Group recognised other gains of $0.4 million mainly relating to the write back of impairment loss on property, plant and equipment of $2.6 million, offset by the impairment of right-of-use assets of $2.2 million.

As a result of the aforementioned, the Group reported a net loss after tax of $0.2 million in FY2021 vis-à-vis a net loss after tax of $16.3 million in FY2020.

REVIEW OF FINANCIAL POSITION

The Group's non-current assets decreased by $8.7 million from $53.5 million as at 31 December 2020 to $44.8 million as at 31 December 2021.

This was mainly due to (a) a decrease in right-of-use assets of $10.2 million largely due to the depreciation of the right-of-use assets and early termination of leases of $16.7 million and $1.3 million respectively, aided by the impairment loss of $2.2 million, offset by the additions of right-of-use assets of $10.0 million; and (b) a decrease in refundable deposits (non-current) of $0.4 million due to the reclassification to refundable deposits (current); offset by an increase in property, plant and equipment of $1.9 million. Property, plant and equipment has increased as a result of acquisition of property, plant and equipment and write-back of impairment loss of $1.8 million and $2.6 million respectively, offset by depreciation of $2.0 million and assets written off/disposed of $0.6 million.

The Group's current assets decreased by $6.1 million from $18.8 million as at 31 December 2020 to $12.7 million as at 31 December 2021.

This was mainly due to (a) a decrease in cash and bank balances of $3.4 million; (b) a decrease in refundable deposits (current) of $1.4 million; and (c) a decrease in other receivables of $1.3 million due to the decrease in grant receivables by $1.1 million.

Overall, total refundable deposits (non-current and current) have decreased from $8.5 million as at 31 December 2020 to $6.6 million as at 31 December 2021 in line with the decrease in number of outlets and service apartments.

The Group's current liabilities decreased by $7.4 million from $39.1 million as at 31 December 2020 to $31.6 million as at 31 December 2021.

The decrease was mainly due to (a) a decrease in lease liabilities (current) of $5.9 million; (b) a decrease in trade and other payables of $1.6 million; (c) a decrease in other liabilities of $0.5 million and (d) a decrease in provision (current) of $0.2 million.

Trade and other payables have decreased in line with the decrease in reduced expenses incurred in the period under review. Other liabilities have decreased mainly due to the decrease in accrued operating expenses.

The decrease was offset by an increase in loans and borrowings (current) of $0.6 million.

The Group's non-current liabilities decreased by $7.2 million from $41.9 million as at 31 December 2020 to $34.7 million as at 31 December 2021.

This is due to (a) the decrease in lease liabilities (non-current) of $5.1 million; (b) the decrease in loans and borrowings (non-current) of $2.1 million. Certain loans and borrowings (non-current) have been reclassified to current liabilities those balances have maturity of less than 12 months.

Overall, total lease liabilities had decreased by $11.0 million, largely due to the lease payments made of $22.6 million and early termination of leases of $1.4 million, offset by the additions of $10.0 million and accretion of interest of $3.1 million during the period under review.

The Group's shareholders' equity decreased by $0.2 million from negative $8.7 million as at 31 December 2020 to negative $8.9 million as at 31 December 2021. The decrease resulted from the net loss incurred during the period.

As at 31 December 2021, the Group was in a negative working capital position of $19.0 million (31 December 2020: $20.3 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 Board of Directors of the Company ("**Board**") noted that the Group's performance has improved and that the Group would continue to implement various strategic measures to contain cost and preserve cash liquidity.

REVIEW OF CASH FLOWS

The Group's net cash generated from operating activities in FY2021 was $22.9 million. This was mainly due to operating cash flows before changes in working capital of $21.8 million and working capital inflow of $1.1 million.

Net cash used in investing activities amounted to $2.0 million mainly arising from purchase of plant and equipment for both segments.

Net cash used in financing activities of $24.9 million was mainly due to the principal payment of lease payments of $22.6 million, net repayment of loans and borrowings of $1.5 million and increase in cash restricted in use (earmarked for repayment of bank loans) of $0.5 million.

The cash and cash equivalents for the period decreased by $3.9 million compared to 31 December 2020.

BOARD OF DIRECTORS

MR. ALAN GOH KENG CHIAN
Founder, Executive Chairman and CEO

MS. MADALINE CATHERINE TAN KIM WAH
Co-founder and Executive Director

MR. TAN KONG KING
Lead Independent Director

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.

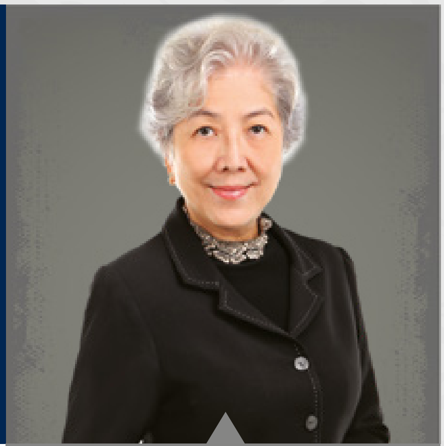
Mr. Goh obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in 1979 and a Diploma in Marketing Management from Ngee Ann Polytechnic in 1987. Thereafter, Mr. Goh attained his Master of Business Administration (General Business Administration) from University of Hull in 1991.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

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.

MR. TAN KONG KING is the Lead Independent Director of the Group and chairs the Audit Committee with effect from 11 December 2020. He has been an Independent Director of the Group since 1 September 2019. Mr. Tan has over 30 years of experience and expertise in the management and operation of group companies, financing business acquisitions, corporate restructuring, as well as formulation of corporate and investment strategies, particularly within the food industry within the Asia Pacific region. Before joining the Group, Mr. Tan was appointed as a non-executive Director of QAF Limited on 15 June 1995. He became the Group Managing Director of the QAF Group in January 1996. Since 1996, Mr. Tan had streamlined and refocused the QAF Group for further growth and expansion in the food industry. He retired as the Group Managing Director of QAF Limited on 31 December 2016. In the early part of his career, Mr. Tan had worked for a number of years with an international accounting firm. Subsequent to which he joined and worked as the Managing Director of KMP Private Ltd group of companies from 1981 to 2004.

MR. TAN JUAY HIANG
Independent Director



MS. JOAN LAU SAU CHEE
Independent Director

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.

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.

KEY MANAGEMENT

MR. ALAN GOH KENG CHIAN

Founder, Executive Chairman and CEO

See biography in Board of Directors.

MS. MADALINE CATHERINE TAN KIM WAH

Co-founder and Executive Director

See biography in Board of Directors.

MS. 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 listed 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.

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 material Sustainability Factors and overseen the management and monitoring of the material 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 material 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 material 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 communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("**SDGs**" or "**Global Goals**") and is supported by our key stakeholders[1]. We work closely with stakeholders in our value chain and their input drives our sustainability focus on the SDGs and material Sustainability Factors as follows.

[1] Key stakeholders comprising communities, customers, employees, government and regulators ("**Regulators**"), investors or shareholders ("**Shareholders**") and suppliers and service providers ("**Suppliers**").

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 FY2021 is as follows:

Sustainability factor	Segment	Performance indicator	Sustainability performance	
			FY2021	FY2020
Customer experience	F&B	Negative customer review rate[2]	Less than 1%	Less than 1%
	Hospitality	Percentage of brands with positive feedback ratings in excess of 80%	100%	100%
Economic	F&B	Revenue ($'000)	40,968	41,821
	Hospitality		12,830	15,598
	F&B	Net profit ($'000)	(4,505)	(5,301)
	Hospitality		4,291	(11,037)
	Group	Number of corruption incident[3]	-	-
Environmental	F&B	Total Greenhouse Gas ("**GHG**") emissions (tonnes CO_2e)	2,437	2,730
	Hospitality		1,005	1,269
	F&B	GHG emissions intensity (tonnes CO_2e/ revenue $'000)	0.06	0.07
	Hospitality		0.08	0.08
	F&B	Water consumption intensity (CuM/ revenue S$'000	2.0	2.4
	Hospitality	Water consumption intensity (CuM/ revenue S$'000	2.5	2.5
Social	Group	Number of substantiated complaints concerning breaches of customer privacy and violation of regulations being established	-	-
		Average training hours per employee	88 hours	77 hours
		Number of non-compliance incidents with manpower rules and regulations[4]	-	-
		Number of outlets receiving demerit points from the National Environment Agency ("**NEA**")	3	1
		Number of fatalities	-	-
		Number of high-consequence work-related injuries[5]	-	-
		Number of recordable work-related injuries	9	7
		Number of recordable work-related ill health cases	-	-
		Number of reported incidents of unlawful discrimination against employees	-	-
Governance	Group	Singapore Governance and Transparency Index ("**SGTI**") score	39	51

[2] 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.

[3] A corruption is defined as one that involves fraud or dishonesty amounting to not less than $100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the Company by officers or employees of the Company ("**Corruption Incident**").

[4] 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**").

[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.

Despite the spread of the Coronavirus disease 2019 ("**COVID-19**" or "**Pandemic**") variants in Singapore, Singapore is continuing its goal to live with the COVID-19 and to ultimately treat it as endemic. As the country pushes forward with its transition with increased vaccination rate and eased restrictions, more business and social activities will resume, and this will bode well for our Group's businesses. We will remain cautious and continue to review our portfolio, monitor the Pandemic situation and implement strategies, as and when needed, in order to mitigate any impacts to the Group's businesses. We will also explore all options on capital raising to spur our growth aspirations. We believe that our proactive business initiatives and operational track record will tide us through this challenging period and allow us to stay on course in our sustainability journey.

We have detailed our responses to help our nation's journey to become a COVID-19 resilient nation in the relevant sections of this Report.

2 OUR BUSINESS

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

- The F&B business specialises in multi-cuisine concepts and restaurant operations. The food ingredients are mainly sourced from local suppliers and specially cooked at our restaurants; and
- The hospitality business focuses on the operation and management of affordable and diverse accommodation solutions, such as serviced apartments and co-living hotels.

3 REPORTING PERIOD AND SCOPE

We are pleased to present our Report, which is for the financial year ("**FY**") ended 31 December 2021 ("**FY2021**" or "**Reporting Period**"). This Report covers the operating entities within our F&B business and hospitality business which contributed 100% of the Group's revenue for FY2021 (FY2020: 100%).

4 REPORTING FRAMEWORK

This Report is prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards: Core option and the Singapore Exchange Securities Trading Limited listing rules 711A and 711B. We have chosen the GRI Standards: Core Option 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 the Appendix 2.

We adhered to the GRI's reporting principles for defining report content, which comprises completeness, materiality, stakeholder inclusiveness and sustainability context. On reporting principles for defining report quality, we adhered to the principles of accuracy, balance, clarity, comparability, reliability and timeliness.

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.

While we have not sought for 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.

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.

SUSTAINABILITY REPORT

6 STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material Sustainability Factors relevant to our business. Through a stakeholder mapping exercise performed with the senior management, we have identified our key stakeholder groups which we prioritise our engagements with. 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	▪ Donations ▪ Social events	When needed	▪ Corporate social responsibility ▪ Building community support
2	Customers	▪ 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	▪ Health and safety ▪ Wage and hiring ▪ Training and development ▪ Incentive and benefit
		Induction and orientation program	Regularly	
		Staff appraisal	Bi-annually	
		Open dialogues among teams	Ad-hoc	
4	Regulators	▪ Face-to-face meetings ▪ Industry workshops ▪ Participation in discussions	When needed	▪ Corporate governance ▪ Food safety and hygiene ▪ Occupational health and safety
		Regular reports	Annually or when needed	
5	Shareholders	Annual report	Annually	▪ Sustainable business performance ▪ Market valuation ▪ Dividend payment ▪ Corporate governance
		Annual general meeting	Annually	
		Investor meetings	Annually or when needed	
		Results announcements	Half-yearly	
		Corporate announcements/ press release	When needed	
6	Suppliers	▪ Email communications ▪ Face-to-face meetings ▪ Phone calls	Regularly	Demand volatility
		Review and feedback sessions	Annually	

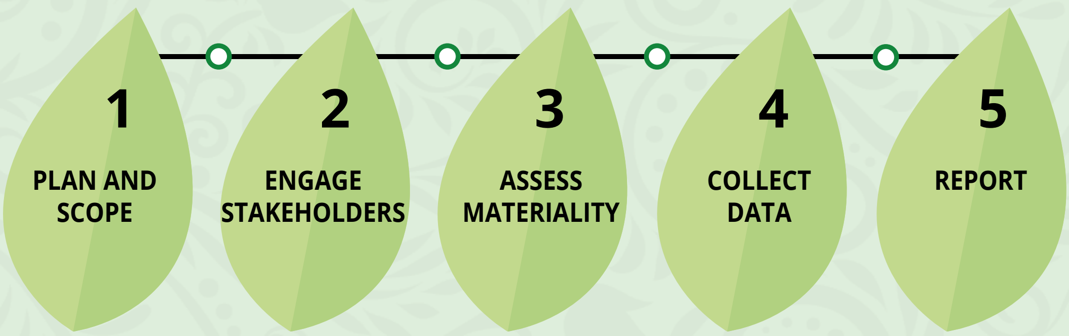
7. SUSTAINABILITY APPROACH

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 the identification of relevant factors. Relevant factors are then prioritised as material Sustainability Factors which are then validated. The end results of this process include a list of material Sustainability Factors disclosed in this Report. Inter-relationships between the processes are shown in the chart below:



Determine scope of reporting in relation to the business

Identify and engage stakeholders to understand their concerns

Prioritise and assess the completeness of material Sustainability Factors identified

Assess the accuracy and completeness of data collected

Finalise report content and issue sustainability report

SUSTAINABILITY REPORT

7.3 MATERIALITY ASSESSMENT

Under our sustainability reporting policy, each Sustainability Factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
●●●	High	Factors with high reporting priority should be reported in detail.
●●	Medium	Factors with medium reporting priority should be considered for inclusion in the Report. It may be decided to not include them in the Report if not material.
●	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. It may be decided to not include them in the Report if not material.

The reporting priority is supported by a material factor matrix which considers the level of concern to stakeholders ("**Stakeholders' Concern**") and significance of our impacts on the economy, environment and society ("**Business Impact**").

7.4 PERFORMANCE TRACKING AND REPORTING

We track the progress of our material 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 the Appendix 1.

8. MATERIAL FACTORS ASSESSMENT

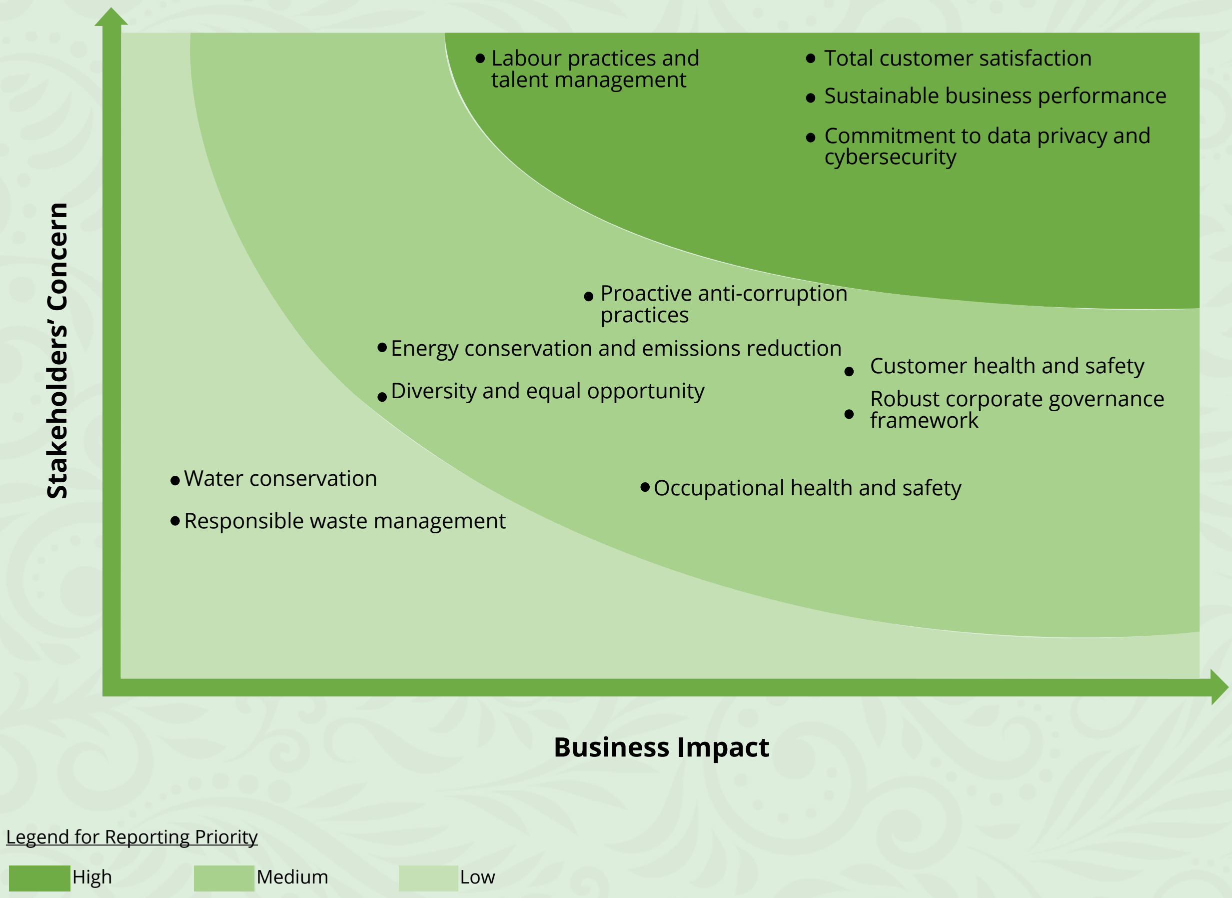
In 2021, a materiality assessment was conducted by the Sustainability Committee to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business and their reporting priority level were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

Our material Sustainability Factors are presented in the table and material factor matrix below:

S/N	Material Sustainability Factor	Key stakeholder	SDG	Reporting Priority
Customer experience				
1	Total customer satisfaction	Customers	Decent work and economic growth	●●●
Economic				
2	Sustainable business performance	Shareholders	Decent work and economic growth	●●●
3	Proactive anti-corruption practices	▪ Regulators ▪ Shareholders	Peace, justice and strong institutions	●●
Environmental				
4	Energy conservation and emissions reduction	▪ Communities ▪ Shareholders	Affordable and clean energy	●●
5	Water conservation	▪ Communities ▪ Shareholders	Clean water and sanitation	●
6	Responsible waste management	▪ Communities ▪ Regulators	Responsible consumption and production	●

S/N	Material Sustainability Factor	Key stakeholder	SDG	Reporting Priority
Social				
7	Commitment to data privacy and cybersecurity	▪ Customers ▪ Employees ▪ Regulators	Peace, justice and strong institutions	●●●
8	Labour practices and talent management	Employees	Quality education	●●●
9	Customer health and safety	▪ Customers ▪ Suppliers	Decent work and economic growth	●●
10	Occupational health and safety	Employees	Good health and well-being	●●
11	Diversity and equal opportunity	Employees	Reduced inequalities	●●
Governance				
12	Robust corporate governance framework	▪ Regulators ▪ Shareholders	Peace, justice and strong institutions	●●

Material factor matrix



SUSTAINABILITY REPORT

We will update the material 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 2021, we operated a total of 34 outlets in Singapore (FY2020: 37 outlets),1 outlet in Indonesia (FY2020: 2 outlets) and a cloud kitchen for our So Pho and Streats brands to support orders from online delivery platforms and our website ("**Cloud Kitchen**"). 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 eight different proprietary F&B brands with each brand serving authentic cuisines of different ethnicity. Our mid-range dining brands serve Indonesian, Thai, Mexican, Northern Chinese and Japanese cuisines, while our casual dining brands serve 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 feedbacks are 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% (FY2020: 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. Our staff members have consistently won the Excellent Service Awards (Retail) conferred by the Singapore Retailers Association from 2011 to 2020. This is a national award that recognises individuals who have delivered quality service, seeks to develop service models for others to emulate and creates service champions. We will continuously strive to improve our service standards. For further details on staff training and development programmes, refer to section 8.8.

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 and Deliveroo also allow more customers to access to our food offerings.

With the Cloud Kitchen, we are able to serve more customers at different locations and offer them with cuisines under two of our brands. In addition, the set up will also reduce manpower needs at our outlets in view of the surge in online deliveries due to the Pandemic and rising customer demand for convenience.

During the Reporting Period, we derived 18.5% of our revenue from online ordering and we believe that our online strategy will better serve our customers in the new normal arising from the Pandemic.

Maintain a sense of trust and confidence amongst our customers during the Pandemic

In view of the social distancing measures implemented as a result of the Pandemic, we encourage our customers to opt for takeaways and pickup orders instead of dining in by providing a discount on all takeaway and pickup orders for all outlets across our selected brands during the promotional period.

HOSPITALITY

Provide transcendent hospitality 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 operates a portfolio of furnished serviced apartments island-wide in prime and highly accessible locations; and
- ST Signature, which operates co-living hotels, 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 access 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.

During the Reporting Period, all our brands have positive feedback ratings in excess of 80% (FY2020: all our brands). In addition, we were awarded with the Hotels.com “Loved by Guests” 2021 award with a guest rating score of 9.2 out of 10, Agoda 2020 Gold Circle award, Traveller Review Awards 2021 with an average rating of 8.3 out of 10 from Booking.com.

SUSTAINABILITY REPORT

Business segment	Target for FY2021	Performance in FY2021	Target for FY2022
F&B	Maintain or improve customer review rate	Target met as follows: Our negative customer review rate is less than 1% (FY2020: 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% (FY2020: all our brands)	Maintain or improve feedback rating collected from various booking sites

8.2 Sustainable business performance

We are committed to review and manage the concerning and disruptive challenges from the Pandemic and to formulate plans and strategies to mitigate the financial impact to the Group. A summary of our financial results by business segment is as follows:

Economic performance	FY2021		FY2020		FY2019	
	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality
Revenue ($'000)	40,968	12,830	41,821	15,598	68,915	15,441
Gross profit ($'000)	(2,136)	2,626	(4,287)	498	5,833	1,742
Net profit ($'000)	(4,505)	4,291	(5,301)	(11,037)	(3,988)	(2,334)
Earnings per ordinary share (cents)	(1.94)	1.85	(2.29)	(4.77)	(1.72)	(1.01)
Net asset value ($'000)	(8,571)	(304)	(3,482)	(5,172)	4,589	3,105
Net asset value per ordinary share (cents)	(3.70)	(0.13)	(1.50)	(2.23)	1.98	1.34

In FY2021, the Group recorded revenue of $53.8 million (FY2020: $57.4 million) and net loss after tax of $0.2 million in FY2021 (FY2020: net loss after tax of $16.3 million). For the detailed financial results, please refer to the following sections in our Annual Report 2021:

- Financial Review, page 16-17; and
- Financial Statements, pages 88-92.

The Pandemic has adversely impacted our business during the Reporting Period. To counter the adverse impact, the Group will continue to implement various strategic measures to contain cost and preserve cash liquidity. We have also tapped on the Enterprise Financing Scheme to support our businesses and manage our immediate cash flow needs during this challenging period.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or improve our financial performance subject to economic conditions	Target partially met as follows: We recorded revenue of $53.8 million (FY2020: $57.4 million) and net loss after tax of $0.2 million in FY2021 (FY2020: net loss after tax of $16.3 million)	Improve our financial performance subject to economic conditions

8.3 Proactive anti-corruption practices

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.

During the Reporting Period, we have no (FY2020: zero) reported Corruption Incident. We will regularly review policies on whistleblowing and anti-corruption.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain zero incident of corruption	Target met as follows: We have no reported incident of corruption (FY2020: zero incident)	Maintain zero incident of corruption

8.4 Energy conservation and emissions reduction

We are driven by our core value to be environmentally responsible and therefore 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.

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

Performance indicator	Unit of measurement	FY2021	FY2020
Energy consumption			
LPG consumption	kWh	4,977,449	6,146,755
LPG consumption intensity	kWh/ revenue $'000	121.5	147.0
Electricity consumption	kWh	3,220,512	3,270,769
Electricity consumption intensity	kWh/ square foot	48.1	46.6
GHG emissions			
Direct GHG emissions (Scope 1)[6]	tonnes CO_2e	1,131	1,397
Indirect GHG emissions (Scope 2)[7]	tonnes CO_2e	1,306	1,333
Total GHG emissions	tonnes CO_2e	2,437	2,730
GHG emissions intensity	tonnes CO_2e/ revenue $'000	0.06	0.07

[6] GHG emissions from LPG consumption controlled by the Company (Scope 1) are calculated based on the Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines published by the NEA.
[7] GHG emissions from electricity purchased by the Company (Scope 2) are calculated based on the emissions factors published by the relevant local authorities.

The decrease in direct GHG emissions and LPG consumption is mainly due to the reduction in the number of outlets and dining restrictions in light of the Pandemic.

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, not GHG emissions come mainly from Scope 2 emissions arising from our electricity consumption.

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

Performance indicator	Unit of measurement	FY2021	FY2020
Energy consumption			
Electricity consumption	kWh	2,480,599	3,134,595
Electricity consumption intensity	kWh/ revenue $'000	193.3	201.0
GHG emissions			
Indirect GHG emissions (Scope 2)	tonnes CO_2e	1,005	1,269
GHG emissions intensity	tonnes CO_2e/ revenue $'000	0.08	0.08

The decline in electricity consumption and indirect GHG emissions (Scope 2) is mainly attributable to the reduction in the number of serviced apartment units to mitigate the impact of the Pandemic.

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

In addition, 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, thus reducing our carbon footprint.

Business segment	Target for FY2021	Performance in FY2021	Target for FY2022
F&B	Maintain or reduce LPG and electricity consumption rates	Target partially met as follows: ▪ LPG consumption intensity decreases to 121.5 kWh/ revenue $'000 (FY2020: 147.0 kWh/ revenue $'000) ▪ Electricity consumption intensity increases to 48.1 (FY2020: 46.6)	Maintain or reduce GHG emissions intensity
Hospitality	Maintain or reduce electricity consumption intensity	Target met as follows: Electricity consumption intensity decreases to 193.3 (FY2020: 201.0)	Maintain or reduce GHG emissions intensity

8.5 Water conservation

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.

During the Reporting Period, our water consumption intensity (CuM/ Revenue S$'000) is 2.0 (FY2020: 2.4). The decrease in water consumption is mainly due to the reduction in the number of outlets and dining restrictions in light of the Pandemic.

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

HOSPITALITY

During the Reporting Period, our water consumption intensity (CuM/ revenue S$'000) is 2.5 (FY2020: 2.5 CuM/ revenue S$'000).

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.


ST RESIDENCES
SERVICED APARTMENTS
SINGAPORE

HELP US PROTECT THE ENVIRONMENT

ST Residences Novena is an eco-friendly serviced apartment. Please join us in our efforts to conserve energy and water. Should you not wish for your towels and linens to be changed, kindly hang your towels up on the towel rack and leave this card on the bed.

Thank you for being a part of this worthy cause.

Your Sincerely,
ST Residences Novena

Business segment	Target for FY2021	Performance in FY2021	Target for FY2022
F&B	Maintain or reduce water consumption rate	Target met as follows: Water consumption intensity decreases to 2.0 (FY2020: 2.4)	Water consumption intensity does not exceed 3 CuM/ revenue ($'000)
Hospitality	Maintain or reduce water consumption rate	Target met as follows: Water consumption intensity remain at 2.5 (FY2020: 2.5)	Water consumption intensity does not exceed 3 CuM/ revenue ($'000)

8.6 Responsible waste management

We are committed to minimise wastage in both our F&B and hospitality businesses. Our goal is to minimise the potential impact of our operations on the environment by putting in place proper processes for waste management.

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 an accredited oil collector and amounted[8] to 10,346kg in FY2021 (FY2020: 12,032kg). The decline in oil waste disposal corresponds to closure of outlets as a result of the Pandemic.

In addition, we have adopted 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 Stakeholders' Concern and Business Impact, waste management is deemed not to be a material 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 FY2021	Performance in FY2021	Target for FY2022
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 an accredited oil collector and amounted to 10,346kg (FY2020: 12,032kg). The decline in oil waste disposal corresponds to closure of outlets as a result of the Pandemic.	Maintain or improve the proportion of oil waste generated from operations that is properly disposed

[8] 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.

8.7 Commitment to data privacy and cybersecurity

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. A company-wide briefing is conducted for new employees and our PDPA policy requirements form part of our staff induction program to raise staff awareness on data protection. This policy also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised persons and senior management on a need-to-know basis.

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 no (FY2020: zero) reported substantiated complaint concerning breaches of customer privacy and violation of regulations being established.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain zero incident of substantiated complaint concerning breaches of data privacy and losses of personal data	Target met as follows: We have no reported substantiated complaint concerning breaches of data privacy and losses of personal data (FY2020: zero incident)	Maintain zero incident of substantiated complaint concerning breaches of customer privacy and violation of regulations being established

8.8 Labour practices and talent management

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.

To equip our employees with the right capabilities, we implemented the following training programs:

Business segment	Training program
F&B	▪ Soft skill trainings ▪ Leadership and supervisory skills ▪ Food hygiene and safety courses ▪ Fundamentals of PDPA ▪ Marketing and eCommerce courses ▪ Customer service courses ▪ Technical skills trainings ▪ COVID-19 self-testing supervisory training
Hospitality	▪ Soft skill trainings ▪ Leadership and supervisory skills ▪ Fundamentals of PDPA ▪ Marketing courses ▪ Customer service courses ▪ Technical skills trainings ▪ COVID-19 self-testing supervisory training

A total of 47,733 training hours were provided for our employees during FY2021 (FY2020: 49,273 hours). All employees received an average of 88 training hours (FY2020: 77 training hours) per employee.

We provide competitive remuneration based on merit to all employees. 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.

Due to the nature of our business, we experience high employee turnover. In FY2021, our turnover rate is 51% (FY2020: 50%) and we will continuously work towards improving our turnover rate.

During the Reporting Period, there is no (FY2020: zero) Non-Compliance Incident of Manpower Related Rules and Regulations.

Target for FY2021	Performance in FY2021	Target for FY2022
▪ Maintain zero incident of Non-Compliance of Manpower Related Rules and Regulations ▪ Maintain or improve hours of training per employee subject to market conditions	Target met as follows: ▪ We have no reported incident of Non-Compliance of Manpower Related Rules and Regulations (FY2020: zero incident) ▪ All employees received an average of 88 training hours per employee (FY2020: 77 training hours per employee)	▪ Maintain zero incident of Non-Compliance of Manpower Related Rules and Regulations ▪ Maintain or improve hours of training per employee subject to market conditions

8.9 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.

During the Reporting Period, demerit points were issued by the NEA to three of our outlets (FY2020: one outlet) and we have put in place additional policies and procedures to keep our premises clean.

Proactive supplier quality management

To uphold our standard on food quality and safety, we have 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 verify the vaccination status of all dine-in customers and 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 no incident on non-compliance with the relevant regulations reported.

Provide a clean and welcoming environment for our guests

Our ST Signature co-living hotels under our Hospitality business is 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 FY2021	Performance in FY2021	Target for FY2022
F&B	Maintain zero rate of non-compliance with food safety and hygiene rules and regulations	Target not met as follows: NEA issues demerit points to three outlets and we have put in place additional policies and procedures to keep our premises clean (FY2020: one outlet)	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 reported incident of non-compliance with Fire Safety Act (FY2020: zero incident)	Maintain zero incident on non-compliance with Fire Safety Act

8.10 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 conducting procedures:

- We have in place a methodological documentation of key occupational health and safety issues and measures on an employee level. The documentation is developed based on employees' safety concerns and suggestions;
- A risk assessment committee is set up 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;
- 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 fatalities, zero high-consequence work-related injuries, 9 recordable work-related injuries and zero recordable work-related ill health cases in FY2021 (FY2020: zero fatalities, zero high-consequence work-related injuries, 7 recordable work-related injuries and zero recordable work-related ill health cases). 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.

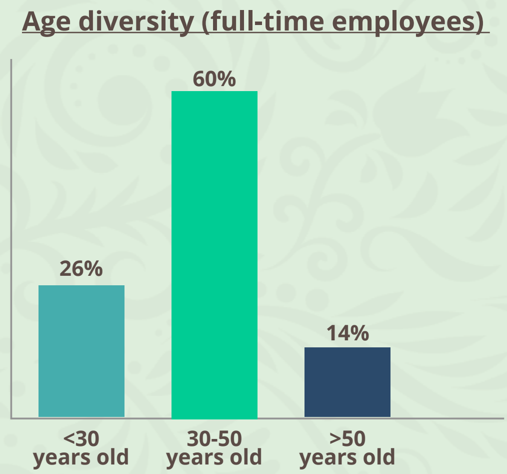
As protecting employees is our top priority amidst the Pandemic, we have implemented guidelines on safe distancing measures, offered workplace flexibilities to our office staff where practicable and staggered working hours for our office staff who needs to report to work. As for the outlet staff, we have staggered their working hours and have implemented protection measures such as temperature screening, weekly COVID-19 tests, discouraging staff who are not feeling well from entering the outlet, imposing restrictions on the number of staff having staff meals at any point in time and requiring all staff to perform COVID-19 tests should there be a positive case in the outlet.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or improve workplace injury rate	Target not met as follows: We recorded zero high-consequence work-related injuries, 9 recordable work-related injuries and zero recordable work-related ill health cases (FY2020: zero high-consequence work-related injuries, 7 recordable work-related injuries and zero recordable work-related ill health cases)	Improve the number of work-related injuries and ill health cases

8.11 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.

The total number of full-time employees as at 31 December 2021 is 363 with 321 from the F&B business and 42 employees from the Hospitality business (FY2020: total number of full-time employees: 421; F&B business: 365 employees; Hospitality business: 56 employees).



The percentage of female to total full-time employees is 47% (FY2020: 48%) and 51% (FY2020: 46%) of our managers are females in FY2021. We also view gender diversity in the Board level as an essential element in supporting sustainable development. We have a female representation of two Directors (FY2020: two) in the Board or 40% (FY2020: 40%) of the Board, with one being the Executive Director and the other being an Independent Director.

In relation to age diversity, matured workers are valued for their experience, knowledge and skills. In FY2021, 14% (FY2020: 9%) of the workforce is above 50 years old.

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 62, with effect from 14 December 2020, 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, we maintain zero (FY2020: zero) incident of unlawful discrimination against employees.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain zero incident of unlawful discrimination against employees	Target met as follows: We have no reported incident of complaint on unlawful discrimination (FY2020: zero incident)	Maintain zero incident of unlawful discrimination against employees

8.12 Robust corporate governance framework

We believe that strong governance is the key to a sustainable business. Throughout FY2021, we comply with the Code of Corporate Governance 2018.

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.

SUSTAINABILITY REPORT

The Board recognises the importance of maintaining a sound system of risk management and internal control 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 the framework is appropriately implemented and monitored.

The risk management and internal control framework ("**ERM Framework**") is intended to provide reasonable but not absolute assurance against material misstatements or loss. The ERM Framework is also intended to ensure the maintenance of proper accounting records, reliability of financial information and compliance with appropriate legislations, regulations and best practices.

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 39 for year 2021 (Year 2020: 51). We will continuously work towards improving our SGTI score.

We will continue to comply with the Code of Corporate Governance and meet all requirements that are expected of us by our stakeholders. You may refer to Corporate Governance Report of this Annual Report for details for our corporate governance practices.

Target for FY2021	Performance in FY2021	Target for FY2022
Improve or maintain our SGTI score	Target not met as follows: Our SGTI score is 39 (FY2020: 51)	Ensure that our SGTI score does not fall below 30

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)**
3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages	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 8.10 Occupational health and safety**)
4 QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	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 8.8 Labour practices and talent management**)
6 CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all	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 8.5 Water conservation**)

SDG	Our effort (Sustainability Factor)
Ensure access to affordable, reliable, sustainable and modern energy for all	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**)
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	▪ 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 8.9 Customer health and safety**)
Reduce inequality within and among countries	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 8.11 Diversity and equal opportunity**)
Ensure sustainable consumption and production patterns	We implement measures to help prevent and reduce waste that is generated from our business operations. (**Section 8.6 Responsible waste management**)
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	▪ We maintain zero tolerance towards any form of corruption including bribery through measures such as our whistle blowing policy. (**Section 8.3 Proactive anti-corruption practices**) ▪ 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 program 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 8.7 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. (**Section 8.12 Robust corporate governance framework**)

SUSTAINABILITY REPORT

Appendix 1 Sustainability trends

S/N	Performance indicator	Segment	Sustainability performance		
			FY2021	FY2020	FY2019
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%	Overall customer positive feedback[9]
Sustainable business performance					
3	Revenue ($'000)	F&B	40,968	41,821	68,915
		Hospitality	12,830	15,598	15,441
4	Gross profit ($'000)	F&B	(2,136)	(4,287)	5,833
		Hospitality	2,626	498	1,742
5	Net profit ($'000)	F&B	(4,505)	(5,301)	(3,988)
		Hospitality	4,291	(11,037)	(2,334)
6	Earnings per ordinary share (cents)	F&B	(1.94)	(2.29)	(1.72)
		Hospitality	1.85	(4.77)	(1.01)
7	Net asset value ($'000)	F&B	(8,571)	(3,482)	4,589
		Hospitality	(304)	(5,172)	3,105
8	Net asset value per ordinary share (cents)	F&B	(3.70)	(1.50)	1.98
		Hospitality	(0.13)	(2.23)	1.34
Proactive anti-corruption practices					
9	Number of Corruption Incident	Group	-	-	-
Energy conservation and emissions reduction					
10	LPG consumption (kWh)	F&B	4,977,449	6,146,755	7,729,348
11	LPG consumption intensity (kWh/ revenue $'000)	F&B	121.5	147.0	112.2
12	Electricity consumption (kWh)	F&B	3,220,512	3,270,769	3,820,072
		Hospitality	2,480,599	3,134,595	2,786,138
13	Electricity consumption intensity (kWh/ square foot)	F&B	48.1	46.6	45.4
14	Electricity consumption intensity (kWh/ revenue $'000)	Hospitality	193.3	201.0	180.4
15	Scope 1 GHG emissions (tonnes CO_2e)	F&B	1,131	1,397	None[10]
16	Scope 2 GHG emissions (tonnes CO_2e)	F&B	1,306	1,333	None[10]
		Hospitality	1,005	1,269	None[10]
17	GHG emissions intensity (tonnes CO_2e/ revenue $'000)	F&B	0.06	0.07	None[10]
		Hospitality	0.08	0.08	None[10]

[9] As disclosed in the FY2019 sustainability report, the Group is in the midst of implementing a system to monitor customer feedback for Hospitality segment, thus there was no quantitative data point established to measure the feedback rating.
[10] Not applicable as this is a newly disclosed performance indicator in FY2021.

S/N	Performance indicator	Segment	Sustainability performance		
			FY2021	FY2020	FY2019
Water conservation					
18	Water consumption intensity (CuM/ revenue $'000)	F&B	2.0	2.4	1.7
		Hospitality	2.5	2.5	1.7
Responsible waste management					
19	Volume of oil waste managed through a licensed oil collector	F&B	10,346kg	12,032kg	17,743kg
Commitment to data privacy and cybersecurity					
20	Number of substantiated complaint concerning breaches of customer privacy and violation of regulations being established	Group	-	-	-
Labour practices and talent management					
21	Total training hours	Group	47,733	49,273	78,494
22	Average training hours per employee		88	77	98
23	Turnover rate		51%	50%	40%
24	Number of Non-Compliance Incident with Manpower Rules and Regulations		-	-	-
Customer health and safety					
25	Number of outlets that received demerit points from NEA	F&B	3	1	1
26	Number of non-compliance incident with Fire Safety Act	Hospitality	-	-	-
Occupational health and safety					
27	Number of fatalities	Group	-	-	-
28	Number of high-consequence work-related injuries		-	-	None[11]
29	Number of recordable work-related injuries		9	7	36
30	Number of recordable work-related ill health cases		-	-	None[11]
Diversity and equal opportunity					
31	Ratio of female over full-time employees	Group	47%	48%	44%
32	Ratio of female over total managers		51%	46%	45%
33	Ratio of employees who are over 50 years old		14%	9%	11%
34	Number of reported incident of unlawful discrimination against employees		-	-	-
Robust corporate governance framework					
35	SGTI score	Group	39	51	53

[11] Not applicable as this is a newly disclosed performance indicator in FY2021.

SUSTAINABILITY REPORT

Appendix 2 GRI Content Index

GRI standard & disclosure title		Section reference	Page
Organisational profile			
102-1	Name of the organisation	Cover page	-
102-2	Activities, brands, products, and services	▪ Corporate Profile ▪ F&B Business ▪ Hospitality Business ▪ Sustainability Report > Our Business ▪ Sustainability Report > Material Factors Assessment > Total Customer Satisfaction ▪ Notes to the Financial Statements > Corporate Information ▪ Notes to the Financial Statements > Investment in Subsidiaries	1 3-6 7-10 23 28-30 93 120-121
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102-4	Location of operations	Corporate Profile	1
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102-6	Markets served	Corporate Profile	1
102-7	Scale of the organisation	▪ Financial Highlight ▪ Financial Review ▪ Sustainability Report > Material Factors Assessment > Sustainable Business Performance ▪ Sustainability Report > Material Factors Assessment > Diversity and Equal Opportunity ▪ Consolidated Statement of Comprehensive Income ▪ Statements of Financial Position	15 16-17 30 38-39 88 89
102-8	Information on employees and other workers	Sustainability Report > Material Factors Assessment > Diversity and Equal Opportunity	38-39
102-9	Supply chain	Sustainability Report > Our Business	23
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain during the reporting period	-
102-11	Precautionary Principle or approach	None	-
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	40-41

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102-13	Membership of associations	None	-
Strategy			
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Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	▪ Sustainability Report > Material Factors Assessment > Robust Corporate Governance Framework ▪ Corporate Governance Report	39-40 49-81
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102-18	Governance structure	▪ Sustainability Report > Sustainability Approach > Sustainability Governance Structure ▪ Corporate Governance Report	25 49-81
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	24
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	-
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	24
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	24
102-44	Key topics and concerns raised	▪ Sustainability Report > Stakeholder Engagement ▪ Sustainability Report > Material Factors Assessment > Total Customer Satisfaction	24 28-30
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102-45	Entities included in the consolidated financial statements	▪ Group Structure ▪ Notes to the Financial Statements > Investment in Subsidiaries	14 120-121
102-46	Defining report content and topic Boundaries	Sustainability Report > Sustainability Approach > Sustainability Reporting Processes	25
102-47	List of material topics	Sustainability Report > Material Factors Assessment	26-40
102-48	Restatements of information	None	-
102-49	Changes in reporting	None	-
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	23
102-51	Date of most recent report	Sustainability Report 2020	-
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	23
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102-55	GRI content index	Sustainability Report > GRI Content Index	44-47
102-56	External assurance	We may seek external assurance in the future	-
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors Assessment	26-40
103-2	The management approach and its components	▪ Sustainability Report > Board Statement ▪ Sustainability Report > Sustainability Approach ▪ Sustainability Report > Material Factors Assessment	21-23 25-26 26-40
103-3	Evaluation of management approach	Sustainability Report > Material Factors Assessment	26-40
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201-1	Direct economic value generated and distributed	▪ Financial Highlight ▪ Financial Review ▪ Sustainability Report > Material Factors Assessment > Sustainable Business Performance ▪ Financial Contents > Notes to the Financial Statements > Consolidated Statement of Comprehensive Income ▪ Financial Contents > Notes to the Financial Statements > Statements of Financial Position	15 16-17 30 88 89
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors Assessment > Proactive Anti-corruption Practices	31
Category: Environmental			
302-1	Energy consumption within the organisation	Sustainability Report > Material Factors Assessment > Energy Conservation and Emissions Reduction	31-33
303-5	Water consumption	Sustainability Report > Material Factors Assessment > Water Conservation	33-34
305-1	Direct (Scope 1) GHG emissions	Sustainability Report > Material Factors Assessment > Energy Conservation and Emissions Reduction	31-33
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report > Material Factors Assessment > Energy Conservation and Emissions Reduction	31-33
305-4	GHG emissions intensity	Sustainability Report > Material Factors Assessment > Energy Conservation and Emissions Reduction	31-33
306-2	Management of significant waste-related impacts	Sustainability Report > Material Factors Assessment > Responsible Waste Management	34

GRI standard & disclosure title		Section reference	Page
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401-1	New employee hires and employee turnover	Sustainability Report > Material Factors Assessment > Labour Practices and Talent Management	35-36
403-9	Work-related injuries	Sustainability Report > Material Factors Assessment > Occupational Health and Safety	38
404-1	Average hours of training per year per employee	Sustainability Report > Material Factors Assessment > Labour Practices and Talent Management	35-36
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report > Material Factors Assessment > Labour Practices and Talent Management	35-36
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406-1	Incidents of discrimination and corrective actions taken	Sustainability Report > Material Factors Assessment > Diversity and Equal Opportunity	38-39
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PROXY FORM

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 2021 ("**FY2021**") with reference to the principles set out in the Code of Corporate Governance 2018 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**"). 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.

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 lay out under the Code and the Board's terms of reference.

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

Please refer to Table A set out on page 72 of this Annual Report for the composition and primary functions of the Board.

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 ("**AC**") 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:

- Allotment and issuance of new shares of the Company;
- Grant of share options under Share Option Scheme, if any;
- Issuance of convertible bonds and warrants;
- Bank matters including opening of bank accounts, change of bank signatories, acceptance of banking facilities and issuance of corporate guarantees;
- Acquisition and realisation of shares in subsidiaries and any other companies;
- Major acquisition and disposal of assets and any proposal for investment and divestment of interests;
- Incorporation of subsidiaries, subscription of shares in subsidiaries, capitalization of loan due from subsidiaries and appointment of corporate representative;
- Sales and purchase agreement and any other agreement entered on acquisition or disposal of assets outside ordinary course of business;
- Approving announcements, half-yearly and year-end financial results announcements for public release;
- Conducting general meetings;
- 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
- Appointment of Directors, Executive Officers, Auditors, Power of Attorney.

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 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 reviewed by the Board.

Please refer to Table A set out on pages 72 to 75 of this Annual Report for the composition and primary functions of the Board Committees.

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 Board meets regularly on a half-yearly 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 annual general meetings ("**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 FY2021 are set out in Table B at page 75 of this Annual Report.

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.

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 FY2021.

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

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 FY2021, 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 of the members of the Board Committees are Independent Directors. Please refer to Table A set out on pages 72 to 75 of this Annual Report for the composition of the Board and Board Committees.

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.

Based on the confirmation of independence submitted by the Independent Directors and the results of the NC's review, the NC was of the view that each Independent Director is independent in accordance with the Code and Catalist Rule 406(3) as the Independent Directors:

(i) are not employed by the Company or any of its related corporations for the current or any of the past three financial years; or

(ii) 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.

There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship in the Code that would otherwise deem him/her not to be independent.

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

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 and ensured that majority of the Board comprises Independent Directors.

As at FY2021, no Independent Directors on the Board had served for more than nine years from the date of their initial appointment.

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.

The Board and NC are satisfied that the current Board's size and composition are appropriate for the Group to facilitate independent and effective decision-making.

The NC annually reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

The NC is satisfied that the Board has the appropriate mix of expertise to lead and govern the Group effectively as the Directors are respected individuals drawn from a broad spectrum of expertise which enables them, in their collective wisdom, to contribute effectively and provide a balance of views at both Board and Board Committee meetings.

Each Director has been appointed based on his/her calibre and experience and is expected to bring his/her knowledge and experience in his/her field of expertise to contribute to the development of the Group's strategy and the performance of its business. The Board comprises 2 female and 3 male Directors with diverse backgrounds such as accounting, finance, foods and beverages, hospitality, and business management.

Details of the Directors' academic and professional qualifications and other appointments are set out on pages 18 to 19 of this Annual Report.

The Board recognizes the benefits of having a diverse Board in helping to bring in new ways of thinking, insights and different perspectives to the Board, which will result in productivity and quality of Board deliberations. While the Board and NC have not implemented a fixed diversity policy, the composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective in reviewing the issues that are brought before the Board and enable it to make decisions in the best interests of the Company. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

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 conference calls and/or meetings without the presence of Management in FY2021.

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, however, 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.

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.

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.

Mr. Tan Kong King is the Lead Independent Director of the Company as Mr. Alan Goh Keng Chian is acting as the Executive Chairman and CEO.

The Lead Independent Director 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 as described in the Corporate Governance Report, 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 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.

The Lead Independent Director will meet up with the Independent Directors without the presence of the Executive Directors and the Management, where necessary, and the Lead Independent Director will provide feedback to the Chairman of the Board after such meetings.

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 Nominating Committee ("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. Please refer to Table A set out on pages 72 to 73 of this Annual Report for the responsibilities of the NC, based on written terms of reference. In addition, the NC also reviews the process and criteria for evaluation of the performance of the Board committees and directors.

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. The details of the retiring Directors seeking re-election are found in Table C set out on pages 76 to 79 of this Annual Report.

Provision 2.2 of the Code provides that the independence of Independent Directors serving for more than nine years should be rigorously reviewed. The Board will take Provision 2.2 of the Code into account when determining the re-appointment of the Independent Directors, if applicable.

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 of 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.

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 Catalist Rule 406(3) and is of the view that Mr. Tan Kong King, Ms. Joan Lau Sau Chee and Mr. Tan Juay Hiang are independent. Please refer to Provision 2.1 for more details.

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 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.

Details of the Directors' academic and professional qualifications, date of first appointment and other relevant information are set out on pages 18 to 19 of this Annual Report and, in respect of the retiring Director who is standing for re-election, in Table C on pages 76 to 79 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.

The Company does not have any alternate directors.

The NC 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:

	Directorships in other listed company and other principal commitments	
Name of Directors	**Present**	**Past** *(for the last 5 years)*
Alan Goh Keng Chian	–	–
Madaline Catherine Tan Kim Wah	–	–
Joan Lau Sau Chee	–	–
Tan Kong King	–	Kingstan Capital Pte. Ltd.

	Directorships in other listed company and other principal commitments	
Name of Directors	**Present**	**Past** *(for the last 5 years)*
Tan Juay Hiang	Armenian Office Pte. Ltd. Homebuy Solutions Private Limited Toby's Trove Pte Ltd Daiwa House Asset Management Asia Pte. Ltd.	Ascendas China Fund Management Pte. Ltd. Ascendas China Commercial Fund Management Pte. Ltd. Ascendas Asia Fund Management Pte. Ltd. Ascendas Malaysia Investments Pte. Ltd. Ascendas (AACF) Holdings Pte. Ltd. Ascendas India Development Trust Pte. Ltd. Ascendas India Development I Pte. Ltd. Ascendas India Development II Pte. Ltd. Ascendas India Development III Pte. Ltd. Ascendas India Development IV Pte. Ltd. Dover AID V Pte. Ltd. Ascendas India Development VII Pte. Ltd. Ascendas India Development II Phase 1 Pte. Ltd. Ascendas Japan Pte. Ltd. Ascendas Hospitality Fund Management Pte. Ltd. Ascendas Hospitality Japan 2 Pte. Ltd. Ascendas Hospitality Japan 3 Pte. Ltd. Ascendas Hospitality Trust Management Pte. Ltd. Beijing Sanyuan Hospitality Pte. Ltd. Ascendas India Joint Investments Co Pte. Ltd. Ascendas Hospitality Australia Investments Pte. Ltd. Ascendas Namba 1 Pte. Ltd. Ascendas Namba 2 Pte. Ltd. Ascendas Namba 3 Pte. Ltd. Ascendas Hospitality MTN Pte. Ltd. Information Technology Park Investment Pte Ltd

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. 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 FY2021 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:

1. Board Composition and Structure;
2. Conduct of Meetings;
3 Corporate Strategy and Planning;
4. Risk Management and Internal Control;
5. Measuring and Monitoring Performance;
6. Training and Recruitment;
7. Compensation;
8. Financial Reporting;
9. Chairman of the Board;
10. Board Committees; and
11. Communication with Shareholders.

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

All Directors have completed the Board and Board Committees' evaluation forms mentioned above. The summary of the Board and Board Committee's evaluation 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.

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.

The NC is satisfied that the Board as a whole and Board Committees had met its performance objectives for FY2021.

The NC also conducted individual Directors' assessment. All Directors have completed the individual Directors' assessment forms and the summary of the individual Directors' assessment was circulated to the members of NC for their review.

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.

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.

No external facilitator was engaged by the Company in FY2021.

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 Remuneration Committee ("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. It 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.

Please refer to Table A set out on page 73 for the composition and functions of the RC.

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

The RC reviews 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 FY2021. 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 is 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.

For FY2021, the RC noted that the Executive Directors were taking basic salary reduction of 50% to combat the business effects of the COVID-19 pandemic until December 2021 and further noted that all the basic salary of the related employees had been reinstated in 2022.

The Company had no long-term incentive schemes during FY2021.

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.

Please see Table D set out on page 80 for the schedule of annual fees for Independent Directors being proposed to Shareholders.

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.

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 S$250,000 and in aggregate the total remuneration paid to these key management personnel.

Please refer to page 129 of this Annual Report and Table D set out on pages 80 to 81 for remuneration details for the Directors and key management personnel (who are not Directors or the CEO).

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. Further details regarding the remuneration of each Director are deemed not to be in the best interests of the Company, in light of the sensitivities of remuneration in a small and medium size enterprise environment. Save as disclosed above, no other long-term incentives and no termination, retirement or post- employment benefits have been granted to the CEO or Director.

The Company only has four key management personnel (who are not Directors or the CEO) during FY2021 and the remuneration are set out in bands of $250,000.

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) due to the disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in.

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 reneration exceeds S$100,000 during the year, in bands no wider than S$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 Table D set out on page 81 for remuneration bands and details of employees who are immediate family members of a Director or the CEO during FY2021.

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, KGL 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. Since the commencement of the KGL PSP up to the end of the financial year under review, no shares have been awarded under the KGL PSP. After the financial year under review, on 5 January 2022, the Company has granted share award for 960,000 new ordinary shares to the former Chief Operating Officer of ST Hospitality Pte. Ltd. namely Mr Goh Keng Hong, who is the brother of Mr Alan Goh Keng Chian, the Executive Director and CEO of the Company.

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. There are fixed bonuses to be paid to the Executive Directors. There are no fixed bonuses to be paid to the key management personnel but only variable bonus in FY2021. 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 7.1 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.

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 FY2021 to facilitate the development of a risk management framework ("**ERM**") for the Group. An ERM exercise was performed by the Company in FY2021 involving 7 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, human resource, and information technology 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 to assume the responsibilities of the risk management function. They will assess and review the Group's business and operational environment to identify areas of significant financial, operational, compliance and information technology risks annually.

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 FY2021 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.

The Board is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities. The Chairman, Mr. Tan Kong King, has relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.

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 on a half yearly basis to review the half yearly and full year 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 preliminary 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 the EA of the Company, broken down into audit and non-audit services during FY2021 are as follows:

Audit fees: S$170,000
Non-audit fees: Nil

The aggregate amount of fees paid or payable to other external auditors namely CKS Assurance Pac, Fastlane CPA Limited and EVINCO Mulia Consulting, broken down into audit and non-audit services during FY2021 are as follows:

Audit fees: S$1,800
Non-audit fees: S$9,450

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 the EA and thus, it does not affect the independence and objectivity of the EA.

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. and SOPL 2 Pte. Ltd. which are not significant subsidiaries are audited by CKS Assurance Pac). The Board and AC are of the view that the Company has complied with Catalist Rule 712 and 716 in relation to its EA. The Company's foreign-incorporated subsidiaries namely (i) PT. So Pho Food Indonesia which is not significant and is audited by EVINCO Mulia Consulting, (ii) Katrina Holdings Sdn. Bhd. which is struck off with effect from 14 March 2022; and (iii) Straits Organization HK Limited which 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 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 FY2021.

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.

The AC meets at least twice a year. Please refer to Table A set out on pages 74 to 75 for the composition and the main functions of the AC. 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 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 FY2021. The BDO Advisory Pte. Ltd. is a member of the international BDO network of independent member firms. The role of the IA is to assist the AC in ensuring that the controls are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

The AC is satisfied that the internal audit function is independent, 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.

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 FY2021 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 FY2021. 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.

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. In addition, we will conduct annual refresher to the staff on the SOPs, as well as task the IA to conduct a thorough review in FY2022 on the adherence to the SOPs.

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.

In view of the current Covid-19 restrictions in Singapore and in line with the safe-distancing measures and regulations imposed by the Singapore Government to curb the further spread of COVID-19, the Company will be holding its AGM via electronic means. As such, shareholders of the Company entitled to attend and vote at the AGM may appoint the Chairman of the AGM as proxy to attend and vote on their behalf at that AGM if such shareholders wish to exercise their voting rights, and submit their questions relating to the resolutions set out in the notice of the AGM before the registration deadline.

The Company has specified in the notice of AGM detailed information on attending the AGM by electronic means, such as instructions to shareholders on how they may (i) participate to observe and/or listen to the AGM proceedings, (ii) access this Annual Report and proxy form, (iii) submit their questions before the registration deadline of the AGM electronically; and (iv) vote by appointing the Chairman of the AGM as proxy and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions.

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 30 April 2021.

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.

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 FY2021 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 was 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.

For the upcoming AGM, such information will be disseminated via SGXNET and the Company's corporate website. The Board encourages shareholders' participation at the AGMs and periodically communicates with shareholders through SGXNET throughout the financial year.

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. 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.

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 Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, customers, and etc, in order to achieve a sustainable business goals. The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicating with them to align the Company's expectation and goals.

Both Executive and Independent Directors meet or speak with Shareholders regularly, primarily through general meetings of Shareholders, to gather their views and address concerns.

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 though 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.

OTHER CORPORATE GOVERNANCE MATTERS

1. **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 FY2021 or have been entered into since the end of FY2020.

2. 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:

The Group is required to furnish to the Ministry of Manpower a security bond of $5,000 for each foreign worker the Group engages. Our Group has made arrangement with certain insurers for the insurers to issue letters of guarantee in lieu of the security bonds. Our Executive Director and CEO, Alan Goh Keng Chian, and our Executive Director, Madaline Catherine Tan Kim Wah, have in turn provided indemnities to the insurers in respect of any amounts claimed under the letters of guarantee.

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 in connection with the security bonds	Executive Directors of the Company	170	–

3. 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.

During FY2021, the Company issues circulars to its Directors, officers and employees prohibiting dealing in its shares during the period commencing one month before the announcement of the Group's half-yearly financial results and annual full yearly financial results 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 FY2021.

4. Non-sponsor Fees
[Catalist Rule 1204(21)]

No non-sponsor fees were paid to the Company's sponsor, Hong Leong Finance Limited in FY2021.

TABLE A

Board comprises:

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

The primary functions of the Board include:

1. 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. 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. review Management performance;

4. identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

5. 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. consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

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.

Nominating Committee comprises:

Tan Juay Hiang	(Chairman, Independent)
Tan Kong King	(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;

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 and make recommendation to the Board concerning membership of the various Board Committees, in consultation with the Chairmen of those Committees; and

9. review training and professional development programs for the Board.

Remuneration Committee comprises:

Joan Lau Sau Chee	(Chairman, Independent)
Tan Kong King	(Member, Independent)
Tan Juay Hiang	(Member, Independent)

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 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; and

9. carry out such other duties as may be agree 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 while the key management personnel is under the CEO purview. 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.

Audit Committee comprises:

Tan Kong King	(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 annually;

8. consider the appointment and re-appointment 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;

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;

12. review the scope and results of the internal audit procedures;

13. annually ensure the adequacy of the audit function;

14. 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;

15. meet with the EA and IA without the presence of the Management at least once a year;

16. 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);

17. review interested person transactions and potential conflicts of interest;

18. 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;

19. 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 arrangement are in place for the independent investigation of such matters and for appropriate follow up action;

20. 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; and

21. 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.

TABLE B

		Board of Directors		Nominating Committee		Remuneration Committee		Audit Committee	
S/N	**Name of Director**	**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	2	N/A
2	Madaline Catherine Tan Kim Wah	3	2	1	N/A	1	N/A	2	N/A
3	Tan Kong King	3	3	1	1	1	1	2	2
4	Joan Lau Sau Chee	3	3	1	1	1	1	2	2
5	Tan Juay Hiang	3	3	1	1	1	1	2	2

Notes:

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

TABLE C

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	Tan Kong King	1 September 2019	26 June 2020
4	Joan Lau Sau Chee	1 May 2019	26 June 2020
5	Tan Juay Hiang	11 December 2020	30 April 2021

CORPORATE GOVERNANCE REPORT

The Director named below is retiring and being eligible, offer herself for re-election at the upcoming AGM:

Name of Director	Joan Lau Sau Chee ("Ms. Joan")
Date of appointment	1 May 2019
Date of last election	26 June 2020
Age	73
Country of principal residence	Singapore
The Board's comments on this re-election	The Board of Directors of the Company has accepted the Nominating Committee's recommendation, who has reviewed and considered Ms. Joan's performance as an Independent Director of the Board, Chairman of Remuneration Committee and member of Audit and Nominating Committees of the Company. The Board considers Ms. Joan to be independent for the purpose of Rule 704(7) of the Catalist Rule.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job title	Independent Director of the Board, Chairman of the Remuneration Committee and the member of Audit Committee and Nominating Committee
Professional qualifications	N/A
Working experience and occupation(s) during past 10 years	Ms. Joan has 40 years of experience in the banking and finance industry covering human relations, corporate secretarial and corporate finance. From 1990 to March 2016, she was involved in overseeing the listing of more than 40 IPOs and/or RTOs and about 60 other fnance advisory deals. She started her banking career in Overseas Union Bank Ltd in 1970s as a Personnel Officer and subsequently as an Assistant Company Secretary. In 1990, she joined the corporate finance industry as a corporate finance officer in OUB and left as an Executive Director in UOB in 2008. In June 2008, she joined Hong Leong Finance Limited as the Senior Vice President and Head of Corporate Finance and retired as an Advisor in March 2016.
Shareholdings interest in the listed issuer and its subsidiaries	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	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	Nil

Question		Joan Lau Sau Chee ("Ms. Joan")
(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
(b)	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?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	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?	No
(e)	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?	No

Question			Joan Lau Sau Chee ("Ms. Joan")
(f)	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?		No
(g)	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?		No
(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:		
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(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	No

Question			Joan Lau Sau Chee ("Ms. Joan")
	(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	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,	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(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?		No
Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange? 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.			Not applicable as this relates to the re-election of a Director

TABLE D

The tables below show the remuneration bands of the Directors and the key management personnel of the Group, who are not directors as well as the approximate percentage breakdown of the remuneration during FY2021.

(a) Remuneration of Directors of the Company

Name of Director	Salary[1] (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
S$250,000 to S$500,000				
Alan Goh Keng Chian	91.2	–	8.8	100.0
Madaline Catherine Tan Kim Wah	96.8	–	3.2	100.0
Below S$250,000				
Tan Kong King	–	100.0	–	100.0
Joan Lau Sau Chee	–	100.0	–	100.0
Tan Juay Hiang	–	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.

(b) Remuneration of Key Management Personnel

Name of Key Management Personnel	Salary[1] (%)	Allowance and other benefits (%)	Total (%)
Below S$250,000			
Farn Tze Guen (Fan Zijin)[2]	100.0	–	100.0
Lim Li Ling[3]	100.0	–	100.0
Neo Lay Fen[4]	100.0	–	100.0
S$250,000 to S$500,000			
Joshua Goh Keng Hong[5]	71.9	28.1	100.0

Notes:

1. The salary includes any performance related variable bonus and is inclusive of CPF.
2. Ms. Farn Tze Guen (Fan Zijin) resigned as a Chief Operating Officer of ST Hospitality Pte. Ltd. effective 22 December 2021.
3. Ms. Lim Li Ling resigned as a Chief Financial Officer of the Company effective 18 June 2021.
4. Ms. Neo Lay Fen appointed as a Chief Financial Officer of the Company effective 7 June 2021.
5. Mr. Joshua Goh Keng Hong resigned as a Chief Operating Officer of ST Hospitality Pte. Ltd. effective 31 October 2021.

The total remuneration of each Director 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 and key management personnel in FY2021.

No stock options were granted in FY2021 as the Company has no employees shares option scheme in place. Please refer to the disclosure under Provision 8.3 for more details.

(c) Remuneration of employee related to Director

Name of Employees who are family members of a Director	Salary[1] (%)	Allowance and other benefits (%)	Total (%)
Below S$400,000			
Joshua Goh Keng Hong[2]	71.9	28.1	100.0
Below S$100,000			
Donovan Goh Shen Shu[3]	100.0	–	100.0
Krystal Goh Shu Yan[4]	100.0	–	100.0

Notes:

1. The salary includes any performance related variable bonus and is inclusive of CPF.
2. Brother of Mr. Alan Goh Keng Chian, Executive Chairman and CEO.
3. Son of Mr. Alan Goh Keng Chian, Executive Chairman and CEO.
4. Daughter of Mr. Alan Goh Keng Chian, Executive Chairman and CEO.

Save as disclosed above, there was no employee of the Group who is an immediate family member of any Director or the CEO whose remuneration exceeds S$400,000 in FY2021.

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 2021.

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 2021 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
Tan Kong King
Joan Lau Sau Chee
Tan Juay Hiang

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:

	Direct interest			Deemed interest		
Names of directors	**At 1.1.2021**	**At 31.12.2021**	**At 21.1.2022**	**At 1.1.2021**	**At 31.12.2021**	**At 21.1.2022**
Number of shares in Katrina Group Ltd						
Alan Goh Keng Chian	2,661,500	392,600	392,600	202,720,908*	205,382,408*	205,382,408*
Madaline Catherine Tan Kim Wah	–	–	–	205,382,408^	205,775,008^	205,775,008^

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

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 or at the end of the financial year.

Options

No options were issued by the Company during the financial year. As at 31 December 2021, 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
7 April 2022

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021
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 2021, 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 2021 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. The Group incurred a net loss of $214,000 for the year ended 31 December 2021. As of that date, the Group's net liabilities and current liabilities exceeded its net assets and current assets by $8,875,000 and $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. 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, and 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.

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.

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 matter described in the *Material uncertainty related to going concern section*, 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 2021, the carrying amounts of right-of-use assets and property, plant and equipment were \$33,303,000 and \$6,361,000, which represents 58% and 11% 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 an impairment charge of \$2,219,000 to the right-of-use assets and written back impairment charge of \$2,645,000 to the property, plant and equipment. 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.

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.

- 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.

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

- 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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
7 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue	4	53,798	57,419
Cost of sales	5	(53,308)	(61,208)
Gross profit/(loss)		490	(3,789)
Other income	6	10,246	12,539
Selling and distribution costs		(1,409)	(1,087)
Administrative expenses		(6,583)	(7,118)
Finance costs	7	(3,321)	(4,865)
Other gains/(expenses)	8	364	(12,010)
Loss before tax	9	(213)	(16,330)
Income tax expense	11	(1)	(8)
Loss for the year, representing loss for the year attributable to owners of the Company		(214)	(16,338)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(7)	(10)
Other comprehensive income for the year, net of tax		(7)	(10)
Total comprehensive income for the year, representing total comprehensive income attributable to owners of the Company		(221)	(16,348)
Loss per share (cents per share)			
Basic and diluted	12	(0.09)	(7.06)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	6,361	4,447	4	5
Intangible assets	14	–	–	–	–
Right-of-use assets	15	33,303	43,534	–	–
Investment property	16	860	918	–	–
Investment in subsidiaries	17	–	–	6,061	6,061
Investment in joint venture	18	–	–	–	–
Refundable deposits	19	4,254	4,609	–	–
		44,778	53,508	6,065	6,066
Current assets					
Inventories	20	155	164	–	–
Trade receivables	21	1,327	1,245	–	–
Other receivables	22	1,189	2,494	–	47
Refundable deposits	19	2,393	3,842	–	–
Prepayments		300	290	5	5
Amount due from a joint venture	22	103	103	–	–
Amounts due from subsidiaries	22	–	–	5,561	4,135
Cash and bank balances	23	7,200	10,638	81	184
		12,667	18,776	5,647	4,371
Total assets		57,445	72,284	11,712	10,437
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	24	8,760	10,322	507	291
Amounts due to subsidiaries	24	–	–	233	–
Other liabilities	25	2,406	2,875	433	296
Lease liabilities	15	14,359	20,253	–	–
Provision	26	443	598	–	–
Contract liabilities	4	506	418	–	–
Provision for taxation		–	17	–	–
Loans and borrowings	27	5,164	4,574	–	–
		31,638	39,057	1,173	587
Net current (liabilities)/assets		(18,971)	(20,281)	4,474	3,784
Non-current liabilities					
Contract liabilities	4	–	61	–	–
Other payables	24	142	180	–	–
Lease liabilities	15	28,578	33,647	–	–
Provision	26	821	768	–	–
Deferred tax liabilities	11	6	6	–	–
Loans and borrowings	27	5,135	7,219	–	–
		34,682	41,881	–	–
Total liabilities		66,320	80,938	1,173	587
Net (liabilities)/assets		(8,875)	(8,654)	10,539	9,850
Equity attributable to owners of the Company					
Share capital	28	8,192	8,192	8,192	8,192
Foreign currency translation reserve	29	15	22	–	–
Retained earnings		(17,082)	(16,868)	2,347	1,658
Total equity		(8,875)	(8,654)	10,539	9,850
Total equity and liabilities		57,445	72,284	11,712	10,437

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 2021

	Attributable to owners of the Company			
	Share capital (Note 28)	Foreign currency translation reserve (Note 29)	Retained earnings	Total equity
	$'000	$'000	$'000	$'000
Group				
Opening balance at 1 January 2020	8,192	32	(530)	7,694
Loss for the year	–	–	(16,338)	(16,338)
Other comprehensive income:				
Foreign currency translation	–	(10)	–	(10)
Total comprehensive income for the year	–	(10)	(16,338)	(16,348)
Closing balance at 31 December 2020	8,192	22	(16,868)	(8,654)
Opening balance at 1 January 2021	8,192	22	(16,868)	(8,654)
Loss for the year	–	–	(214)	(214)
Other comprehensive income:				
Foreign currency translation	–	(7)	–	(7)
Total comprehensive income for the year	–	(7)	(214)	(221)
Closing balance at 31 December 2021	8,192	15	(17,082)	(8,875)

	Attributable to owners of the Company		
	Share capital (Note 28)	Retained earnings	Total
	$'000	$'000	$'000
Company			
Opening balance at 1 January 2020	8,192	610	8,802
Profit for the year, representing total comprehensive income for the year	–	1,048	1,048
Closing balance at 31 December 2020	8,192	1,658	9,850
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	8,192	2,347	10,539

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 2021

	Note	2021 $'000	2020 $'000
Operating activities			
Loss before tax		(213)	(16,330)
Adjustments for:			
Depreciation of property, plant and equipment	9	1,964	3,403
Depreciation of investment property	9	58	58
Depreciation of right-of-use assets	9	16,665	25,465
Impairment loss on right-of-use assets, net	8	2,219	6,396
Impairment loss on goodwill	8	–	12
Write-off of property, plant and equipment	9	548	679
(Write back of)/impairment loss on property, plant and equipment, net	8	(2,645)	5,602
Reversal of provision for restoration cost	9	(39)	(47)
Loss on disposal of property, plant and equipment	9	51	–
Finance costs	7	3,321	4,865
Gain on early termination of leases	6	(93)	(323)
Interest income	6	–	(1)
Reversal of expected credit losses on trade receivables	9	(30)	(3)
Currency realignment		(9)	29
Total adjustments		22,010	46,135
Operating cash flows before changes in working capital		21,797	29,805
Changes in working capital			
(Increase)/decrease in:			
Inventories		9	12
Trade and other receivables		1,253	(930)
Refundable deposits		1,857	1,357
Prepayments		(10)	516
(Decrease)/increase in:			
Trade and other payables		(1,805)	2,387
Other liabilities		(469)	1,046
Amounts due to a director		206	503
Contract liabilities		27	(521)
Total changes in working capital		1,068	4,370
Cash flows from operations		22,865	34,175
Income taxes (paid)/refunded		(18)	9
Interest received		–	1
Net cash flows generated from operating activities		22,847	34,185

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 2021

	Note	2021 $'000	2020 $'000
Investing activities			
Purchase of property, plant and equipment	A	(1,782)	(2,562)
Cash paid for restoration cost	26	(132)	(112)
Proceeds from disposal of property, plant and equipment		11	–
Net cash flows used in investing activities		(1,903)	(2,674)
Financing activities			
Proceeds from loan and borrowings	27	1,000	6,000
Repayments of loan and borrowings		(2,494)	(2,828)
Interest paid		(312)	(360)
Lease payments	15	(22,576)	(29,399)
Bank deposits pledged	23	(500)	–
Net cash flows used in financing activities		(24,882)	(26,587)
Net change in cash and cash equivalents		(3,938)	4,924
Cash and cash equivalents at 1 January		10,638	5,714
Cash and cash equivalents at 31 December	23	6,700	10,638

A. Property, plant and equipment

	Note	2021 $'000	2020 $'000
Current year additions to property, plant and equipment	13	(1,842)	(2,562)
Less: provision for restoration cost	26	60	–
Net cash outflow for purchase of property, plant and equipment		(1,782)	(2,562)

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

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 the Group incurred a net loss of $214,000 (2020: $16,338,000) for the year ended 31 December 2021. As of that date, the Group's net liabilities and current liabilities exceeded its net assets and current assets by $8,875,000 (2020: $8,654,000) and $18,971,000 (2020: $20,281,000) 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 on the following bases:

(a) assuming that there will be no significant disruptions to the business from any significant unforeseen events, the Group will be able to generate sufficient cash flows from its operations to pay its liabilities as and when they fall due;

(b) management intends to manage cashflow of the subsidiaries on 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 Director, who is also the controlling shareholder, has provided a letter of undertaking to confirm that he will not recall from the Company and its subsidiaries for the loans provided until all liabilities with unsecured creditors have been met.

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 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2. Summary of significant accounting policies (cont'd)

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
Annual Improvements to SFRS(I) 2018-2020	1 January 2022
Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before intended use	1 January 2022
Amendments to SFRS (I) 3 Reference to the Conceptual Framework	
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023
SFRS(I) 17: *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 17: *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I)17: *Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information*	1 January 2023
Amendments to SFRS(I) 10 & SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date 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.

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.

2. Summary of significant accounting policies (cont'd)

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

(a) *Basis of consolidation (cont'd)*

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.

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. Summary of significant accounting policies (cont'd)

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.

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. Summary of significant accounting policies (cont'd)

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.

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

2. Summary of significant accounting policies (cont'd)

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.

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.

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.

2. Summary of significant accounting policies (cont'd)

2.12 ***Joint venture*** **(cont'd)**

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.

Subsequent measurement

<u>Investment in debt instruments</u>

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.

2. Summary of significant accounting policies (cont'd)

2.13 ***Financial instruments (cont'd)***

(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.

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. Summary of significant accounting policies (cont'd)

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.

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.

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.

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.

2. Summary of significant accounting policies (cont'd)

2.21 *Borrowings (cont'd)*

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.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.

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.

2. Summary of significant accounting policies (cont'd)

2.24 ***Revenue***

(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.

(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.

2. Summary of significant accounting policies (cont'd)

2.25 ***Taxes (cont'd)***

(b) *Deferred tax*

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.

(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.

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.

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 2021 were $1,264,000 (2020: $1,366,000).

3. Significant accounting judgments and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(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 cash generating units ("CGUs") and operational strategies. The Group has recognised an impairment charge of $2,219,000 (2020: $6,396,000) to the right-of-use assets and written back impairment charge of $2,645,000 (2020: Impairment charge of $5,602,000) to the property, plant and equipment for the financial year ended 31 December 2021.

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 cash generating units 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.

4. Revenue

Disaggregation of revenue

	Group	
	2021	**2020**
	$'000	**$'000**
Sales of food and beverages, net of discount	40,968	41,821
Rental income from hospitality segment	12,830	15,598
	53,798	57,419

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 $418,000 (2020: $934,000).

5. Cost of sales

Cost of sales mainly comprises food and beverages cost, payroll cost, 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.

6. Other income

	Group	
	2021	**2020**
	$'000	**$'000**
Government grants:		
- Wage Credit Scheme	52	307
- Foreign workers levy rebates and waiver	–	387
- Special Employment Credit	2	62
- Senior Employment Credit	66	–
- Skills Development Fund	–	104
- Job Growth Incentive	239	–
- Job Support Scheme	2,824	3,394
- Others	578	322
Interest income	–	1
Rental income from investment property	50	49
Rental concessions	5,943	7,265
Gain on early termination of leases	93	323
Licence fee	10	10
Marketing incentive from beverages suppliers	307	261
Sponsorship received	27	52
Others	55	2
	10,246	12,539

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.

Foreign workers levy rebates and waiver

Foreign worker levy rebates and waiver was first introduced in the Solidarity Budget that the foreign worker levy due in April 2020 would be waived, and companies would receive a rebate of $750 in that month for each work permit or S-Pass holder, from levies paid this year. The waiver and rebate were extended by a month following the extension of the Circuit Breaker period for another month.

6. Other income (cont'd)

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

The Senior Employment Credit was introduced as a 2020 Unity Budget to support employers in implementing the key recommendations by the Tripartite Workgroup on Older Workers on increasing the Retirement Age, Re-employment Age, and CPF contribution rates of senior workers; and a new wage offset scheme to support the employment of persons with disabilities. The wage offset applies to Singaporean workers aged 55 and above and earning below $4,000 per month. It will take effect from 1 January 2021 to 31 December 2022. For wages paid during this period, employers will receive up to 8% of the wages paid to Singaporean workers aged 55 and above, depending on the workers' age and wage.

Skills Development Fund

The Skills Development Fund ("SDF") is a financing arrangement given by the Workforce Development Authority (WDA) that funds the staff training requirements for employees who are either Singapore Citizens or Singapore Permanent Residents.

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 will be extended for a fourth phase from April 2022 to September 2022.

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.

Rental concessions

Included in the aggregate rental concessions of $5,943,000 (2020: $7,265,000) are property tax rebates of $Nil (2020: $1,218,000) received by the Group from its landlords. In the COVID-19 (Temporary Measures) Act 2020, owners of qualifying non-residential properties ("qualifying properties") are granted a property tax rebate of up to 100% on their property tax payable from 1 January 2020 to 31 December 2020. Owners of qualifying properties are required to unconditionally and fully pass on their tenants the property tax rebate that is attributable to the rented property based on the period it was rented out.

7. Finance costs

	Note	Group 2021 $'000	Group 2020 $'000
Interest expense on bank loan		312	376
Interest on finance lease liabilities	15	3,054	4,579
Refundable deposits discount adjustment	19	(33)	(178)
Provisions discount adjustment	26	9	77
Security deposits adjustment		(21)	11
		3,321	4,865

8. Other (gains)/expenses

	Note	Group 2021 $'000	Group 2020 $'000
(Write back of)/impairment loss on property, plant and equipment, net	13	(2,645)	5,602
Impairment loss on right-of-use assets, net	15	2,219	6,396
Impairment loss on goodwill	14	–	12
Others		62	–
		(364)	12,010

9. Loss before tax

The following items have been included in arriving at loss before tax:

	Note	Group 2021 $'000	Group 2020 $'000
Audit fees:			
- Auditor of the Company		170	192
- Other auditors		31	15
Non-audit fees:			
- Auditor of the Company		–	32
Depreciation of property, plant and equipment	13	1,964	3,403
Depreciation of investment property	16	58	58
Depreciation of right-of-use assets	15	16,665	25,465
Employee benefits	10	19,486	19,245
Commission fees		2,276	2,173
Professional fees		319	271
Fixed rental expense on short term leases and low value assets	15	1,514	234
Contingent rental expense on operating leases	15	456	554
Loss on disposal of property, plant and equipment		51	–
Write-off of property, plant and equipment		548	679
Reversal of provision for restoration costs		(39)	(47)
Bad debts		15	–
Reversal of expected credit losses of trade receivables	21	(30)	(3)

10. Employee benefits

	Group	
	2021	**2020**
	$'000	**$'000**
Employee benefits expenses (including director's remuneration):		
Salaries, bonuses and other costs	16,789	16,224
Central Provident Fund and other pension costs	1,320	1,231
Other personnel costs	1,377	1,790
	19,486	19,245

Other personnel costs include staff allowances, housing benefits, training and other employee welfare.

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group	
	2021	**2020**
	$'000	**$'000**
Consolidated statement of comprehensive income:		
Current income tax		
- Current year	1	–
- Under provision in respect of previous years	–	8
Income tax expense recognised in the consolidated statement of comprehensive income	1	8

11. Income tax expense (cont'd)

Relationship between tax expense and loss before tax

A reconciliation between tax expense and the product of loss before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Loss before tax	(213)	(16,330)
Tax at the domestic rates applicable to losses in the countries where the Group operates	(56)	(2,797)
Adjustments:		
Non-deductible items	351	1,888
Income not subject to taxation	(1,345)	(675)
Under provision in respect of previous years	–	8
Deferred tax assets not recognised	1,299	1,594
Benefits from previously unrecognised tax losses	(248)	(10)
Total income tax expense	1	8

The Company and its Singapore subsidiaries are subjected to a tax rate of 17%. Katrina Holdings Sdn. Bhd., PT So Pho International and Straits Organization HK Limited are subjected to tax rates of 24%, 25% and 16.5% respectively.

Deferred tax

Deferred tax as at 31 December relates to the following:

	Consolidated statement of financial position		**Consolidated statement of comprehensive income**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Deferred tax (assets)/liabilities				
Others	6	6	–	–
Deferred tax liabilities	6	6	–	–

11. Income tax expense (cont'd)

Unrecognised tax losses

As at 31 December 2021, the Group has tax losses of approximately $22,587,000 (2020: $16,405,000) 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. Loss per share

Basic loss per share are calculated by dividing the Group's 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 loss and shares data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2021	**2020**
	$'000	**$'000**
Loss for the year attributable to owners of the Company	(214)	(16,338)
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares for basic and diluted loss per share computation (Note 28)	231,521	231,521

Diluted loss per share is the same as the basic loss per share as there were no potential dilutive ordinary shares during the respective financial years.

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
Cost								
At 1 January 2020	1,633	3,227	3,787	148	33	15,606	311	24,745
Additions	102	158	51	–	–	1,771	480	2,562
Reclassification	8	129	–	–	–	627	(764)	–
Written-off	(10)	(245)	(207)	–	(1)	(1,766)	(21)	(2,250)
Currency realignment	–	(6)	(3)	–	–	–	–	(9)
At 31 December 2020 and 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	1,841	3,144	3,610	148	32	16,766	6	25,547
Accumulated impairment and depreciation:								
At 1 January 2020	1,093	1,380	2,261	75	19	8,339	–	13,167
Charge for the year	320	546	479	18	4	2,036	–	3,403
Written-off	(9)	(132)	(127)	–	(1)	(1,302)	–	(1,571)
Impairment loss	–	–	–	–	–	5,602	–	5,602
At 31 December 2020 and 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	1,617	2,175	2,981	110	25	12,278	–	19,186
Net carrying amount:								
At 31 December 2021	224	969	629	38	7	4,488	6	6,361
At 31 December 2020	329	1,469	1,015	55	10	1,563	6	4,447

13. Property, plant and equipment (cont'd)

Company	**Computers** **$'000**
Cost:	
At 1 January 2020	–
Additions	5
At 31 December 2020, 1 January 2021 and 31 December 2021	5
Accumulated depreciation:	
At 1 January 2020	–
Charge for the year	–*
At 31 December 2020 and 1 January 2021	–*
Charge for the year	1
At 31 December 2021	1
Net carrying amount:	
At 31 December 2021	4
At 31 December 2020	5

* less than $1,000

Restoration costs

Included in the net carrying amount of renovation is net restoration costs of $408,000 (2020: $343,000).

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, as well as the effect on its businesses as a result of the on-going COVID-19 situation.

The recoverable amounts of the property, plant and equipment and right-of-use assets 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:

	2021 **%**	**2020** **%**
Assumptions:		
Food and beverages segment		
- Range of pre-tax discount rate	10.0% to 16.5%	10.5% to 12.5%
Hospitality segment		
- Range of pre-tax discount rate	9.5% to 14.2%	10.7%

13. Property, plant and equipment (cont'd)

Impairment of assets (cont'd)

(a) Property, plant and equipment

For the financial year ended 31 December 2021, the Group recognised a net write-back of impairment loss on property, plant and equipment of $2,645,000 (2020: impairment loss of $5,602,000), 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.

(b) Right-of-use assets

For the financial year ended 31 December 2021, the Group recognised a net impairment of right-of-use assets of $2,219,000 (2020: $6,396,000), representing the write down of these right-of-use assets to the recoverable amount. The net impairment loss on right-of-use assets was recognised in "Other gains/ (expenses)" (Note 8) line item of profit or loss.

Assets written-off

Property, plant and equipment with net book value amounting to $548,000 (2020: $679,000) were written off mainly due to closure of restaurants. These amounts are included in "Administrative expenses" line item of profit or loss.

14. Intangible assets

	Goodwill $'000	Favourable agreement $'000	Customer contracts $'000	Total $'000
Group				
Cost				
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	480	57	42	579
Accumulated impairment and amortisation				
At 1 January 2020	468	57	42	567
Impairment charge	12	–	–	12
At 31 December 2020, 1 January 2021 and 31 December 2021	480	57	42	579
Net carrying amount:				
At 31 December 2021	–	–	–	–
At 31 December 2020	–	–	–	–

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 CGUs are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Goodwill:		
TIPL	468	468
SOPL	12	12
	480	480
Less:		
Accumulated impairment loss	(480)	(480)
At 31 December	–	–

During the previous financial year, an impairment loss of $12,000, representing the write-down of the goodwill to the recoverable amount was recognised in "Other gains/(expenses)" (Note 8) in the line item of profit or loss.

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.

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:

	Note	Restaurant premises $'000	Residential apartments and co-living hotels $'000	Total $'000
Group				
At 1 January 2020		33,203	37,479	70,682
Additions		6,224	5,185	11,409
Impairment charge	8	(2,988)	(3,408)	(6,396)
Charge for the year	9	(14,541)	(10,924)	(25,465)
Early termination of leases		(59)	(6,607)	(6,666)
Currency realignment		(38)	8	(30)
At 31 December 2020		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		14,941	18,362	33,303

For the financial year ended 31 December 2021, the Group recognised a net impairment of right-of-use assets of $2,219,000 (2020: $6,396,000), representing the write down of these right-of-use assets to the recoverable amount. The net impairment loss on right-of-use assets was recognised in "Other gains/(expenses)" (Note 8) line item of profit or loss.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group 2021 $'000	Group 2020 $'000
At 1 January	53,900	74,371
Additions	9,989	11,338
Accretion of interest	3,054	4,579
Payments	(22,576)	(29,399)
Early termination of leases	(1,425)	(6,989)
Currency realignment	(5)	–
At 31 December	42,937	53,900
Current	14,359	20,253
Non-current	28,578	33,647
At 31 December	42,937	53,900

During the financial year ended 31 December 2021, the Group had early terminated various leases as a result of the on-going COVID-19 situation. Consequent to the early termination, the difference between the carrying value of right-of-use assets and the corresponding lease liabilities amounting to $93,000 (2020: $323,000) was recorded within the "Other income" (Note 6) line item of profit or loss.

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 2021 $'000	Group 2020 $'000
Depreciation of right-of-use assets	9	16,665	25,465
Interest on finance lease liabilities	7	3,054	4,579
Lease expense not capitalised in lease liabilities:			
- Fixed rental expense on short term leases and low value assets	9	1,514	234
- Contingent rental expense on operating leases	9	456	554
Total amount recognised in profit or loss		21,689	30,832

The Group had total cash outflow for leases of $24,546,000 (2020: $30,187,000) in the financial year ended 31 December 2021.

Under the terms of certain lease arrangement relating to restaurant premises, 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 32 (2020: 35) lease arrangements increases 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).

16. Investment property

	Group $'000
Statement of financial position:	
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	1,450
Accumulated depreciation	
At 1 January 2020	474
Depreciation charge	58
At 31 December 2020 and 1 January 2021	532
Depreciation charge	58
At 31 December 2021	590
Net book value	
At 31 December 2021	860
At 31 December 2020	918

16. Investment property (cont'd)

	2021 $'000	2020 $'000
Statement of comprehensive income:		
Rental income from investment property	50	49
Direct operating expenses	(6)	(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 2021 and 2020 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 2020 and 2021, management has assessed the fair value based on comparable market transactions that consider the sale 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	
	2021 $'000	2020 $'000
Shares, at cost	1,165	1,165
Amount due from a subsidiary (non-trade)	4,896	4,896
	6,061	6,061

17. Investment in subsidiaries (cont'd)

Composition of the Group

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2021	2020
	Held by the Company				
(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
	Held by Katrina Holdings Pte. Ltd.				
(1)	Bali Thai Food Catering Pte. Ltd.	Singapore	Provision of services to related companies	100	100
(3)	Bayang At The Quay Pte. Ltd.	Singapore	Dormant	–	100
(3)	Renn Thai Pte. Ltd.	Singapore	Dormant	–	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
	Held by Katrina International Pte. Ltd.				
(2)	Katrina Holdings Sdn. Bhd.	Malaysia	Dormant	100	100
(4)	PT. So Pho Food Indonesia	Indonesia	Restaurant operator	100	100
	Held by ST Hospitality Pte. Ltd.				
(1)	SOPL 1 Pte. Ltd.	Singapore	Residential real estate management	100	100
(5)	SOPL 2 Pte. Ltd.	Singapore	Dormant	100	100
(5)	SO Services Pte. Ltd.	Singapore	Domestic household cleaning	100	100
(2)	Straits Organization HK Limited	Hong Kong	Residential real estate management	100	100

(1) Audited by Ernst & Young LLP, Singapore

(2) In the process of winding up

(3) Bayang At The Quay Pte. Ltd. and Renn Thai Pte. Ltd. were struck off from the register on 8 April 2021.

(4) Audited by EVINCO Mulia Consulting

(5) Audited by CKS Assurance PAC.

18. Investment in joint venture

The Group has 30% (2020: 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 2021 was $356,000 (2020: $112,000). The Group has no obligation in respect of these losses.

19. Refundable deposits

	Group	
	2021	**2020**
	$'000	**$'000**
Current		
Refundable rental deposits	2,033	3,551
Utilities deposits	262	201
Other refundable deposits	98	90
	2,393	3,842
Non-current		
Refundable rental deposits	4,098	4,298
Utilities deposits	100	199
Other refundable deposits	56	112
	4,254	4,609
Total refundable deposits (current and non-current)	6,647	8,451

Included in the refundable rental deposits is an impact arising from net accretion to present value of $33,000 (2020: $178,000), 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	
	2021	**2020**
	$'000	**$'000**
Consolidated statement of financial position:		
Raw materials (at cost)	155	164
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in profit or loss	8,674	8,740

21. Trade receivables

	Group	
	2021	2020
	$'000	$'000
Trade receivables	1,327	1,245

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 2021, the Group has recorded bad debt expense of $15,000 (2020: $Nil) relating to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

<u>Expected credit losses ("ECL")</u>

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2021	2020
	$'000	$'000
Movement in allowance accounts		
At 1 January	66	69
Reversal for the year	(30)	(3)
At 31 December	36	66

22. Other receivables

		Group		Company	
	Note	2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Grants receivables		6	1,081	–	47
Other debtors		1,183	1,413	–	–
Total other receivables		1,189	2,494	–	47
Add:					
- Trade receivables	21	1,327	1,245	–	–
- Refundable deposits (current and non-current)	19	6,647	8,451	–	–
- Amount due from a joint venture		103	103	–	–
- Amounts due from subsidiaries		–	–	5,561	4,135
- Cash and bank balances	23	7,200	10,638	81	184
Total financial assets carried at amortised cost		16,466	22,931	5,642	4,366

22. Other receivables (cont'd)

Grants receivables

Grants receivables of the Group mainly relate 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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and on hand	7,200	10,638	81	184

In 2021, cash at banks does not earn interest. In 2020, cash at banks earned interest at floating rates based on daily bank deposits rates.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2021	**2020**
	$'000	**$'000**
Cash at banks and on hand	7,200	10,638
Less: Bank deposits pledged	(500)	–
Cash and cash equivalents per consolidated statement of cash flows	6,700	10,638

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

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Current					
Trade payables		2,555	3,104	–	–
Other payables:					
CPF and salaries payables		1,527	1,533	257	199
GST payable		434	497	54	40
Security deposits from tenants		565	706	–	–
Amount due to a director		706	500	163	–
Other creditors		2,973	3,982	33	52
		8,760	10,322	507	291
Non-current					
Security deposits from tenants		142	180	–	–
Total trade and other payables (current and non-current)		8,902	10,502	507	291
Add/(less):					
- Amounts due to subsidiaries		–	–	233	–
- Other liabilities		1,940	1,707	415	230
- Loans and borrowings (current and non-current)		10,299	11,793	–	–
- GST payable		(434)	(497)	(54)	(40)
Total financial liabilities carried at amortised cost		20,707	23,505	1,101	481

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

These amounts are unsecured, non-trade related, non-interest bearing, repayable on demand and are expected to be settled in cash. The director, who is also the controlling shareholder, has provided a letter of undertaking to confirm that he will not recall from the Company and its subsidiaries for the loans provided until all liabilities with unsecured creditors have been met.

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	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Accrued operating expenses	1,031	1,184	148	49
Accrued payroll expenses and bonus	909	523	267	181
Accrued unconsumed leave	209	263	18	13
Deferred grant Income	257	905	–	53
	2,406	2,875	433	296

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	
	2021	2020
	$'000	$'000
At 1 January	1,366	1,448
Additions	60	–
Reversal	(39)	(47)
Utilisation	(132)	(112)
Discount rate adjustment	9	77
At 31 December	1,264	1,366
Current	443	598
Non-current	821	768
At 31 December	1,264	1,366

27. Loans and borrowings

	Maturity	Group	
		2021	2020
		$'000	$'000
SGD Bank Loans			
- SGD loan at SIBOR + 2.0% p.a.	2023 (Note i)	427	642
- SGD loans at SIBOR + 2.5% p.a.	2023 (Note ii)	2,467	4,151
- 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)	4,405	5,000
- SGD loans at 3.5% p.a.	2023 (Note vi)	1,000	–
		10,299	11,793
Current portion		5,164	4,574
Non-current portion		5,135	7,219
		10,299	11,793

27. Loans and borrowings (cont'd)

(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 Singapore Interbank Offered Rate ("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.

(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 2021, the Group's subsidiaries had obtained waiver from its banker with respect to the breach of these loan covenants.

27. Loans and borrowings (cont'd)

The reconciliation of liabilities arising from financing activities is as follows:

	2020	Cash flows		Non-cash changes	2021
		Inflow	Outflow	Accretion of interest	
	$'000	$'000	$'000	$'000	$'000
Group					
SGD bank loans:					
- Current	4,574	1,000	(722)	312	5,164
- Non-current	7,219	–	(2,084)	–	5,135
	11,793	1,000	(2,806)	312	10,299

	2019	Cash flows		Non-cash changes	2021
		Inflow	Outflow	Accretion of interest	
	$'000	$'000	$'000	$'000	$'000
Group					
SGD bank loans:					
- Current	3,807	3,595	(3,188)	360	4,574
- Non-current	4,814	2,405	–	–	7,219
	8,621	6,000	(3,188)	360	11,793

28. Share capital

	Group and Company			
	2021		2020	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	231,521	8,192	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.

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	
	2021	**2020**
	$'000	**$'000**
Licence fee from a joint venture of a subsidiary	10	10
Remuneration of employees related to directors of the Group	488	434

(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	
	2021	**2020**
	$'000	**$'000**
Directors' fees	153	121
Salaries, bonuses and other costs	1,000	974
Central Provident Fund and other pension costs	52	37
Other short-term benefits	134	87
	1,339	1,219
Comprise amounts paid to:		
Directors of the Company	755	789
Other key management personnel	584	430
	1,339	1,219

31. 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 certain co-living hotel. These non-cancellable leases have remaining lease terms of maximum 5 years.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting periods are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Not later than one year	1,007	1,686
Later than one year but not later than five years	269	1,390
	1,276	3,076

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.

32. Fair value of financial instruments (cont'd)

(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 2021 and 2020 but for which fair value is disclosed:

	Significant unobservable inputs (Level 3)	
	2021	**2020**
	$'000	**$'000**
Group		
Asset		
Investment property	1,800	1,800

The fair value was determined by management based on comparable market transactions that consider the sale of similar properties that have been transacted in the open market.

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.

33. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk (cont'd)***

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;
- 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.

33. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk (cont'd)***

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.

(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 and the Company'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				
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	12,212	3,395	1,065	16,672
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	32,814	35,026	4,099	71,939
Total net undiscounted financial liabilities	(20,602)	(31,631)	(3,034)	(55,267)

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				
2020				
Financial assets:				
Trade receivables	1,245	–	–	1,245
Other receivables	2,494	–	–	2,494
Refundable deposits	3,842	3,812	1,135	8,789
Amount due from a joint venture	103	–	–	103
Cash and bank balances	10,638	–	–	10,638
Total undiscounted financial assets	18,322	3,812	1,135	23,269
Financial liabilities:				
Trade and other payables	9,825	200	–	10,025
Other liabilities	1,707	–	–	1,707
Lease liabilities	21,333	33,801	7,125	62,259
Loans and borrowings	4,907	7,529	–	12,436
Total undiscounted financial liabilities	37,772	41,530	7,125	86,427
Total net undiscounted financial liabilities	(19,450)	(37,718)	(5,990)	(63,158)

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.

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 loss before tax.

	Increase/ decrease in basis points	**Increase/ (decrease) in loss before tax**
		$'000
Group		
2021		
- Singapore dollar	+100	49
- Singapore dollar	-100	(49)

	Increase/ decrease in basis points	**Increase/ (decrease) in loss before tax**
		$'000
2020		
- Singapore dollar	+100	68
- Singapore dollar	-100	(68)

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 2021 and 2020.

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.

35. Segment information (cont'd)

Business segments (cont'd)

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	
	2021	2020	2021	2020	2021	2020
Revenue:						
External customers	12,830	15,598	40,968	41,821	53,798	57,419
Inter-segment	–	–	–	–	–	–
	12,830	15,598	40,968	41,821	53,798	57,419
Results:						
Bad debts	(10)	–	(5)	–	(15)	–
Interest on loans and borrowings	(47)	(78)	(265)	(298)	(312)	(376)
Interest on finance lease liabilities	(1,682)	(2,555)	(1,372)	(2,024)	(3,054)	(4,579)
Reversal of expected credit losses on trade receivables	30	3	–	–	30	3
Income tax expense	–	–	(1)	(8)	(1)	(8)
Depreciation of property, plant and equipment	(365)	(922)	(1,599)	(2,481)	(1,964)	(3,403)
Depreciation of right-of-use assets	(5,486)	(10,924)	(11,179)	(14,541)	(16,665)	(25,465)
Depreciation of investment property	–	–	(58)	(58)	(58)	(58)
Impairment loss on goodwill	–	(12)	–	–	–	(12)
Write-back of/(impairment loss) on right-of-use assets, net	1,298	(3,408)	(3,517)	(2,988)	(2,219)	(6,396)
Write-back of/(impairment loss) on property, plant and equipment, net	2,537	(4,799)	108	(803)	2,645	(5,602)
(Loss)/gain on early termination of leases, net	(25)	320	118	3	93	323
Interest income	–	–	–	1	–	1
Write-off of property, plant and equipment	(58)	(21)	(490)	(658)	(548)	(679)
Reversal of provision for restoration cost	–	–	39	47	39	47
Loss on disposal of property, plant and equipment	–	–	(51)	–	(51)	–
Segment net profit/(loss)	4,291	(11,037)	(4,505)	(5,301)	(214)	(16,338)
Segment assets	27,506	28,236	29,939	44,048	57,445	72,284
Segment liabilities	(27,810)	(33,408)	(38,510)	(47,530)	(66,320)	(80,938)

35. Segment information (cont'd)

Geographical information

	Revenue		Non-current assets	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Singapore	53,429	56,716	40,023	47,333
Hong Kong	17	509	–	86
Indonesia	352	194	501	1,480
	53,798	57,419	40,524	48,899

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment properties and intangible assets presented in the consolidated statement of financial position.

36. Subsequent events

(a) *Issue of shares*

On 12 January 2022, 960,000 new ordinary shares ("New 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.

The New Shares issued rank pari passu in all respects with the existing shares of the Company. The New Shares are listed and quoted on Catalist on 17 January 2022, and trading of the New Shares commenced with effect from 9.00 a.m. on the same date. The New Shares are subjected to a moratorium up to 5 April 2022.

Following the allotment and issuance of New Share, the total number of issued shares of the Company has increased from 231,521,008 Shares to 232,481,008 Shares.

(b) *Striking off of Katrina Holdings Sdn. Bhd.*

Katrina Holdings Sdn. Bhd. has been struck off on 14 March 2022.

37. Authorisation of financial statements for issue

The financial statements of the Group for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 7 April 2022.

SHAREHOLDINGS STATISTICS

As at 30 March 2022

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	39	8.57	23,400	0.01
1,001 - 10,000	122	26.81	840,200	0.36
10,001 - 1,000,000	287	63.08	18,161,000	7.81
1,000,001 AND ABOVE	7	1.54	213,456,408	91.82
TOTAL	**455**	**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	2,213,700	0.95
3	SOH KIAN THIAM	1,361,500	0.59
4	SASIKUMARAN PILLAI S/O MANMATHAN PILLAI	1,214,000	0.52
5	TAN KAY TOH OR YU HEA RYEONG	1,207,400	0.52
6	OCBC SECURITIES PRIVATE LIMITED	1,068,400	0.46
7	GOH KENG HONG	1,009,000	0.43
8	JASON LIM ZHI QIAN (JASON LIN ZHIQIAN)	781,800	0.34
9	JAMES ALVIN LOW YIEW HOCK	545,900	0.23
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	291,500	0.13
16	ANG CHAI CHENG	280,000	0.12
17	TOH SOCK KUAN	280,000	0.12
18	ANG AH BENG	250,000	0.11
19	KHOO POH CHOO	242,500	0.10
20	YEO SENG TECK	240,000	0.10
	TOTAL	**218,200,608**	**93.85**

SHAREHOLDINGS STATISTICS

As at 30 March 2022

SUBSTANTIAL SHAREHOLDERS
As at 30 March 2022

	Direct Interest		Deemed Interest	
Substantial Shareholder	**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

Note:

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 2022, 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 of the Company will be held by way of electronic means on Friday, 29 April 2022 at 2.00 p.m. (the "**AGM**") to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2021 together with the Independent Auditors' Report thereon. **Resolution 1**

2. To re-elect Ms. Joan Lau Sau Chee, a Director of the Company retiring pursuant to Regulation 117 of the Company's Constitution. **Resolution 2**
   [See Explanatory Note (i)]

3. To note the retirement of Mr. Tan Kong King, a Director of the Company retiring pursuant to Regulation 117 of the Company's Constitution and will not seeking re-election.
   [See Explanatory Note (ii)]

4. To approve the payment of Directors' fees of S$153,000 for the financial year ended 31 December 2021 (FY2020: S$120,835). **Resolution 3**

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and authorise the Directors of the Company to fix their remuneration. **Resolution 4**

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without any amendments:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 (the "Companies Act") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of Singapore Exchange Securities Trading Limited ("SGX-ST")** **Resolution 5**

   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

   (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 (iii)]

8. **Authority to grant awards and to allot and issue shares under the Katrina Group Ltd. Performance Share Plan** **Resolution 6**

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 (iv)]

By Order of the Board

Neo Lay Fen
Wee Woon Hong
Company Secretaries

Date: 14 April 2022

Explanatory Notes:

(i) Ms. Joan Lau Sau Chee will, upon re-election as a Director of the Company, remain as an Independent Director of the Board, Chairman of Remuneration Committee and member of Audit and Nominating Committees, and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST. Please refer to Table C of the Corporate Governance Report on pages 76 to 79 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of SGX-ST.

(ii) Mr. Tan Kong King will, upon conclusion of the AGM, cease as a Lead Independent Director of the Board, Chairman of Audit Committee and member of Nominating and Remuneration Committees, and will not be considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

(iii) The Ordinary Resolution 5 above, 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. 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 at the time this resolution is passed.

(iv) The Ordinary Resolution 6 above, 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.

Notes:

(1) A member of the Company entitled to attend and vote at the above AGM may appoint the Chairman of the AGM as proxy to vote on his behalf. Please refer to the section entitled “Submission of Proxy Forms to Vote” of the Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus (“**Covid-19**”) on the Notice of AGM for further information.

(2) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(3) The instrument appointing a proxy must be (a) submitted by mail to the Registered Office of the Company at 180B Bencoolen Street #11 - 01-05 Singapore 189648; or (b) submitted by email to info@katrinagroup.com not less than seventy-two (72) hours before the time appointed for holding the AGM.

(4) A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s and its proxy(ies)’s or representative(s)’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”); and (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("Covid-19"):

In view of the current Covid-19 restriction orders in Singapore, the Company is arranging for a live webcast of the AGM proceedings (the "**Live AGM Webcast**") which will take place on Friday, 29 April 2022 at 2.00 p.m.. The Live AGM Webcast will be held by way of electronic means.

Shareholders will be able to participate in the AGM in following manner set out in the paragraphs below.

Live Webcast:

1. Shareholders may watch the AGM proceedings through the Live AGM Webcast. To do so, Shareholders will need to register at https://connectvision.live/katrina-agm-2022 (the "**Registration Link**") by **2.00 p.m.** on **26 April 2022** (the "**Registration Deadline**") to enable the Company to verify their status.

2. Following verification, authenticated Shareholders will receive an email containing a link to access the live *visual and audio webcast* of the AGM proceedings as well as a toll-free telephone number to access the live audio only stream of the AGM proceedings.

3. Shareholders must not forward the abovementioned link or telephone number to other persons who are not Shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

4. Shareholders who register by the Registration Deadline but do not receive an email response by **10.00 a.m.** on **28 April 2022** may contact the Company by email to *info@katrinagroup.com.*

Submission of Proxy Forms to Vote:

1. Shareholders who wish to vote at the AGM may submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf.

2. The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by: (a) mail to the Registered Office of the Company at 180B Bencoolen Street #11 - 01-05 Singapore 189648; or (b) email to info@katrinagroup.com, **by no later than 2.00 p.m.** on **26 April 2022, being seventy-two (72) hours before the time appointed for holding the AGM.**

3. CPF or SRS investors who wish to vote should approach their respective banks approved by CPF to be their agent banks ("**CPF Agent Banks**") or agent banks approved by CPF under the Supplementary Retirement Scheme ("**SRS Operators**") to submit their votes at least seven (7) working days before the AGM (i.e. by **2.00 p.m.** on **20 April 2022**) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

Please note that Shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

Submission of Questions:

1. Shareholders may submit questions relating to the items on the Notice of AGM via the Registration Link. All questions must be submitted by **2.00 p.m.** on **20 April 2022**.

2. The Company will endeavour to address the substantial and relevant questions on **22 April 2022**. The responses to such questions from Shareholders, together with the minutes of the AGM, will be posted on the SGXNET and the Company's website.

3. As the Covid-19 pandemic continues to evolve, further measures and/or changes to the AGM arrangements may be made on short notice in the ensuing days, even up to the day of the AGM. Please check our Company website at www.katrinagroup.com or SGXNET for updates.

The Company seeks the understanding and cooperation of all members to minimise the risk of community spread of COVID-19.

KATRINA GROUP LTD.
Registration Number 201608344N
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT:

1. This proxy form is not valid for use by the investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") and shall be ineffective for all intents and purported to be used by them.
2. CPF and SRS Investors who wish to appoint the Chairman of the Annual General Meeting ("**AGM**") as proxy should approach their respective approved CPF Agent Banks or SRS Operators to submit their votes by **2.00 p.m.** on **20 April 2022**, being at least seven (7) working days before the AGM.
3. Please read the notes overleaf which contain instructions on, amongst others, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

*I/We, ____________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of Katrina Group Ltd. (the "**Company**"), hereby appoint the Chairman of the AGM of the Company as my/our* proxy to vote for me/us* on my/our* behalf at the AGM of the Company to be held by electronic means on Friday, 29 April 2022 at 2.00 p.m. and at any adjournment thereof.

I/We* direct the Chairman of the AGM to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2021 together with the Independent Auditors' Report thereon			
2.	Re-election of Ms. Joan Lau Sau Chee as a Director			
3.	Approval of payment of Directors' Fees of S$153,000 for the financial year ended 31 December 2021			
4.	Re-appointment of Messrs Ernst & Young LLP as the Auditors and authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
5.	Authority to allot and issue shares pursuant to Section 161 of the Companies Act 1967			
6.	Authority to grant awards and to allot and issue shares in accordance with the provisions of the Katrina Group Ltd. Performance Share Plan			

(Please indicate your vote "For" or "Against" or "Abstain" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

Dated this __________ day of ________________, 2022

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
and/or Common Seal of Corporate Shareholder

**Delete where inapplicable*

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.

2. A Shareholder of the Company entitled to attend and vote at the AGM of the Company may appoint the Chairman of the AGM as proxy to vote on his behalf. Please refer to section entitled "Submission of Proxy Forms to Vote" of the Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("**Covid-19**") on the Notice of AGM for further information.

3. The instrument appointing a proxy must be (a) submitted by mail to the Registered Office of the Company at 180B Bencoolen Street #11 - 01-05 Singapore 189648; or (b) submitted by email to info@katrinagroup.com not less than seventy-two (72) hours before the time appointed for holding the AGM.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

5. CPF or SRS investors who wish to vote should approach their respective banks approved by CPF to be their agent banks ("**CPF Agent Banks**") or agent banks approved by CPF under the Supplementary Retirement Scheme ("**SRS Operators**") to submit their votes at least seven (7) working days before the AGM (i.e. by **2.00 p.m.** on **20 April 2022**) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 14 April 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS

ALAN GOH KENG CHIAN
(Executive Chairman and CEO)

MADALINE CATHERINE TAN KIM WAH
(Executive Director)

TAN KONG KING
(Lead Independent Director)

TAN JUAY HIANG
(Independent Director)

JOAN LAU SAU CHEE
(Independent Director)

AUDIT COMMITTEE

TAN KONG KING (Chairman)

JOAN LAU SAU CHEE

TAN JUAY HIANG

NOMINATING COMMITTEE

TAN JUAY HIANG (Chairman)

TAN KONG KING

JOAN LAU SAU CHEE

REMUNERATION COMMITTEE

JOAN LAU SAU CHEE (Chairman)

TAN KONG KING

TAN JUAY HIANG

COMPANY SECRETARIES

NEO LAY FEN

WEE WOON HONG

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: 2 years

BANKERS

DBS Bank Ltd
United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

Katrina
GROUP LTD.

KATRINA GROUP LTD.

(Incorporated in the Republic of Singapore on 31 March 2016)
(Company Registration Number: 201608344N)

180B Bencoolen Street
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