



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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

This announcement has been prepared by Katrina Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) and its contents have been reviewed by its sponsor, Hong Leong Finance Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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

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

COMBINED INCOME STATEMENT AND COMPREHENSIVE INCOME

| | Group | | Increase/ (Decrease) |
|--|-------------------|-------------------|-------------------------|
| | FY2018 S\$'000 | FY2017 S\$'000 | |
| Revenue | 64,754 | 57,966 | 11.7% |
| Cost of sales | (58,611) | (52,254) | 12.2% |
| Gross profit | 6,143 | 5,712 | 7.5% |
| Other income | 487 | 679 | (28.3%) |
| Selling and distribution costs | (1,131) | (1,034) | 9.4% |
| Administrative expenses | (4,852) | (3,936) | 23.3% |
| Finance (costs)/income | (24) | 24 | N.M. |
| Other expenses | (95) | (353) | (73.1%) |
| Profit before tax | 528 | 1,092 | (51.6%) |
| Income tax expense | (256) | (90) | 184.4% |
| Total comprehensive income, representing net profit | 272 | 1,002 | (72.9%) |
| Foreign currency translation | (22) | 10 | N.M. |
| Total comprehensive income attributable to equity holders | 250 | 1,012 | (75.3%) |

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

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

| | Group | | Increase/ (Decrease) |
|--|-------------------|-------------------|-------------------------|
| | FY2018 S\$'000 | FY2017 S\$'000 | |
| Employee benefits | (22,479) | (20,581) | 9.2% |
| Government grants | 309 | 516 | (40.1%) |
| Depreciation of property, plant and equipment | (2,692) | (2,398) | 12.3% |
| Fixed rental expense on operating leases | (15,856) | (14,072) | 12.7% |
| Contingent rental expense on operating leases | (775) | (750) | 3.3% |
| Write-off of property, plant and equipment | (220) | (67) | 228.4% |
| Impairment loss on property, plant and equipment | (51) | (353) | (85.6%) |
| Provision for lease liability of loss-making outlets | (44) | - | (100.0%) |

N.M. – Not meaningful

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

COMBINED STATEMENTS OF FINANCIAL POSITION

| | Group | | Company | |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | As at 31 Dec 18 S\$'000 | As at 31 Dec 17 S\$'000 | As at 31 Dec 18 S\$'000 | As at 31 Dec 17 S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 7,713 | 7,982 | - | - |
| Investment property | 1,034 | - | - | - |
| Intangible asset | 509 | - | - | - |
| Investment in subsidiary | - | - | 1,261 | 1,165 |
| Investment in joint venture | * | * | - | - |
| Refundable deposits | 4,335 | 4,170 | - | - |
| | 13,591 | 12,152 | 1,261 | 1,165 |
| Current assets | | | | |
| Inventories | 203 | 162 | - | - |
| Trade receivables | 832 | 788 | - | - |
| Other receivables | 316 | 408 | - | - |
| Refundable deposits | 3,033 | 1,435 | - | - |
| Prepayments | 693 | 302 | 8 | 13 |
| Amount due from director | 262 | - | 262 | - |
| Amount due from a joint venture | 103 | 103 | - | - |
| Amount due from subsidiary | - | - | 7,362 | 7,257 |
| Cash and cash equivalents | 6,524 | 7,405 | 242 | 1,164 |
| | 11,966 | 10,603 | 7,874 | 8,434 |
| TOTAL ASSETS | 25,557 | 22,755 | 9,135 | 9,599 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 6,128 | 4,869 | 319 | 258 |
| Other liabilities | 1,899 | 1,933 | 400 | 352 |
| Refundable tenant deposits | 654 | - | - | - |
| Provision for restoration | 446 | 277 | - | - |
| Amount due to directors | 455 | - | - | - |
| Deferred revenue | 429 | 10 | - | - |
| Provision for taxation | 312 | 191 | 12 | 18 |
| | 10,323 | 7,280 | 731 | 628 |
| Net current assets | 1,643 | 3,323 | 7,143 | 7,806 |
| Non-current liabilities | | | | |
| Other payables | 257 | 311 | - | - |
| Deferred revenue | 77 | 88 | - | - |
| Provision for restoration | 921 | 848 | - | - |
| Deferred tax liabilities | 156 | 53 | - | - |
| | 1,411 | 1,300 | - | - |
| TOTAL LIABILITIES | 11,734 | 8,580 | 731 | 628 |
| NET ASSETS | 13,823 | 14,175 | 8,404 | 8,971 |

*denotes amount less than \$1,000

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT.)

| | Group | | Company | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | As at 31 Dec 18 S\$'000 | As at 31 Dec 17 S\$'000 | As at 31 Dec 18 S\$'000 | As at 31 Dec 17 S\$'000 |
| EQUITY | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | |
| Share capital | 8,192 | 8,192 | 8,192 | 8,192 |
| Other reserves | (1) | 21 | - | - |
| Retained earnings | 5,632 | 5,962 | 212 | 779 |
| | 13,823 | 14,175 | 8,404 | 8,971 |
| TOTAL LIABILITIES AND EQUITY | 25,557 | 22,755 | 9,135 | 9,599 |

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

Amount repayable in one year or less, or on demand

| As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|-------------------|-----------|-------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| - | - | - | - |

Amount repayable after one year

| As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|-------------------|-----------|-------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| - | - | - | - |

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

COMBINED STATEMENTS OF CASH FLOWS

| | Group | |
|---|--------------|--------------|
| | FY2018 | FY2017 |
| | S\$'000 | S\$'000 |
| Operating activities: | | |
| Profit before tax | 528 | 1,092 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,692 | 2,398 |
| Amortisation of investment property | 15 | - |
| Write-off of property, plant and equipment | 220 | 67 |
| Write-off of intangible assets | - | 2 |
| Impairment loss | 51 | 353 |
| Provision for restoration cost | (45) | (6) |
| Provision for lease liability of loss-making outlets | 44 | - |
| Finance costs/ (income) | 19 | (24) |
| Interest income | (12) | (3) |
| Gain on disposal of subsidiary | (4) | - |
| Currency realignment | (19) | 27 |
| Total adjustments | 2,961 | 2,814 |
| Operating cash flows before changes in working capital | 3,489 | 3,906 |
| Changes in working capital: | | |
| Inventories | (6) | (162) |
| Trade and other receivables | 329 | (411) |
| Refundable deposits | (577) | (433) |
| Prepayments | (214) | (53) |
| Trade and other payables | 868 | 198 |
| Amount due from joint venture | - | (103) |
| Amount due to directors | 2 | (213) |
| Other liabilities | (79) | 579 |
| Deferred revenue | 103 | 98 |
| Total changes in working capital | 426 | (500) |
| Cash flows from operations | 3,915 | 3,406 |
| Income tax paid | (15) | (750) |
| Interest received | 12 | 3 |
| Net cash flows generated from operating activities | 3,912 | 2,659 |
| Investing activities | | |
| Purchase of property, plant and equipment | (3,276) | (3,629) |
| Cash paid for restoration cost | (95) | (65) |
| Net cash outflow on acquisition of subsidiaries | (820) | - |
| Net cash flows used in investing activities | (4,191) | (3,694) |
| Financing activities | | |
| Dividend paid to the then existing shareholders of a subsidiary | - | (1,500) |
| Final dividend paid to the shareholders | (602) | (1,412) |
| Net cash flows used in financing activities | (602) | (2,912) |
| Net decrease in cash and cash equivalents | (881) | (3,947) |
| Effects of exchange rate changes on cash and cash equivalents | - | (15) |
| Cash and cash equivalents at beginning of the period | 7,405 | 11,367 |
| Cash and cash equivalents at end of the period | 6,524 | 7,405 |

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

COMBINED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | |
|---|---------------------------------------|------------------------|--------------------------------------|-------------------|---------------|
| | Share capital | Statutory reserve fund | Foreign currency translation reserve | Retained earnings | Total |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| The Group | | | | | |
| Balance at 1 January 2017 | 8,192 | 1 | 10 | 6,372 | 14,575 |
| Profit for the year | - | - | - | 1,002 | 1,002 |
| Foreign currency translation | - | - | 10 | - | 10 |
| Total comprehensive income for the period | - | - | 10 | 1,002 | 1,012 |
| Final dividend paid to the shareholders | - | - | - | (1,412) | (1,412) |
| Balance at 31 December 2017 | 8,192 | 1 | 20 | 5,962 | 14,175 |
| Balance at 1 January 2018 | 8,192 | 1 | 20 | 5,962 | 14,175 |
| Profit for the year | - | - | - | 272 | 272 |
| Foreign currency translation | - | (1) | (21) | - | (22) |
| Total comprehensive income for the period | - | (1) | (21) | 272 | 250 |
| Final dividend paid to the shareholders | - | - | - | (602) | (602) |
| Balance at 31 December 2018 | 8,192 | - | (1) | 5,632 | 13,823 |
| The Company | | | | | |
| Balance at 1 January 2017 | 8,192 | - | - | 1,976 | 10,168 |
| Profit for the year, representing total comprehensive income for the year | - | - | - | 215 | 215 |
| Final dividend paid to the shareholders | - | - | - | (1,412) | (1,412) |
| Balance at 31 December 2017 | 8,192 | - | - | 779 | 8,971 |
| Balance at 1 January 2018 | 8,192 | - | - | 779 | 8,971 |
| Profit for the year, representing total comprehensive income for the year | - | - | - | 35 | 35 |
| Final dividend paid to the shareholders | - | - | - | (602) | (602) |
| Balance at 31 December 2018 | 8,192 | - | - | 212 | 8,404 |

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

| <u>Ordinary shares of the Company</u> | Number of shares | Issued and paid-up share capital S\$ |
|---|------------------|--------------------------------------|
| Balance as at 31 December 2017 and 31 December 2018 | 231,521,008 | 8,191,502 |
| | | |

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

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

As at 31 December 2018 and 31 December 2017, the Company's issued and paid-up share capital comprised 231,521,008 shares.

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group’s financial statements for the current financial period compared to the audited financial statements for the financial year ended 31 December 2017.

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

The Group has adopted all new and revised Singapore Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for the financial year on or after 1 January 2018, where applicable. Other than the adoption of new standards that are effective on 1 January 2018, the Group has adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) (“SFRS(I)”) on 1 January 2018. The adoption of these new and revised standards and SFRS(I) have no material impact to the financial statements of the Group for the current financial reporting year.

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

| Earnings per share (“EPS”) | The Group | |
|---|--------------------|-------------|
| | FY2018 | FY2017 |
| Profit attributable to equity holders of the Company (\$’000) | 272 | 1,002 |
| Weighted average number of ordinary shares | 231,521,008 | 231,521,008 |
| Basic and diluted EPS (cents) ⁽¹⁾ | 0.12 | 0.43 |

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

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

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

| Net asset value (“NAV”) per ordinary share | Group | | Company | |
|--|--------------------|-------------|--------------------|-------------|
| | 31 Dec 2018 | 31 Dec 2017 | 31 Dec 2018 | 31 Dec 2017 |
| NAV (S\$’000) | 13,823 | 14,175 | 8,404 | 8,971 |
| Number of ordinary shares | 231,521,008 | 231,521,008 | 231,521,008 | 231,521,008 |
| NAV per ordinary share (cents) | 5.97 | 6.12 | 3.63 | 3.87 |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Revenue has increased by S\$6.8 million or 11.7% from S\$58.0 million for the year ended 31 December 2017 ("FY2017") to S\$64.8 million for the year ended 31 December 2018 ("FY2018") due to the contribution of revenue of S\$0.4 million from the hospitality business acquired in December 2018 and a net increase in the number of outlets opened and newly acquired outlets in October 2018. The dine-in revenue of the newly opened and newly acquired outlets contributed S\$5.1 million to the increase in revenue. Despite the change of demographics such as the eating trend and convenience of mobile ordering system, customers are exploring into online delivery as opposed to dine-in, the online revenue has increased by S\$1.2 million as well as the dine-in revenue of the existing outlets has increased by S\$0.8 million from FY2017 to FY2018.

In addition, there was also a decrease in revenue of S\$0.7 million from Beijing due to the closure of two outlets in March and June 2017.

Cost of Sales

Cost of sales, which comprised mainly food and beverage, employee benefits, utilities, leases of restaurants, online commissions and depreciation of property, plant and equipment, increased by S\$6.4 million or 12.2% from S\$52.3 million in FY2017 to S\$58.6 million in FY2018. The increase was contributed by an increase in the utilities, rental and employee benefits as a result of the opening of new outlets and two newly acquired outlets, as well as the increase in online sales commission due to the increase in online revenue.

Gross profit

Gross profit increased by S\$0.4 million or 7.5% from S\$5.7 million in FY2017 to S\$6.1 million in FY2018 due to increase in revenue.

Other Income

The decrease in other income by 28.3% or S\$192,000 was due mainly to lower government grants and bonus from the productivity and innovation credit scheme.

Selling and distribution costs

The selling and distribution costs increased only marginally by S\$0.1 million or 9.4% from S\$1.0 million in FY2017 to S\$1.1 million in FY2018 as marketing efforts were only engaged for outlets where there were less customer traffic.

Administrative expenses

Administrative expenses increased by S\$0.9 million or 23.3% from S\$3.9 million in FY2017 to S\$4.9 million in FY2018 due to higher value of fixed assets written off, higher recruitment costs, consultancy fees incurred for the acquisition of two subsidiaries, higher professional fees and salaries, contributed by the hospitality business.

Finance costs

These were adjustments arising from discounting refundable rental deposits and provision for restoration costs to present value made in FY2018.

Other expenses

Other expense decreased by S\$0.3 million or 73.1% from S\$0.4 million in FY2017 to S\$0.1 million in FY2018. This related to impairment of fixed assets and provision for lease liability of loss-making outlets not expected to turnaround.

Profit before tax

The three non-performing outlets which were closed in FY2018 recorded losses of S\$0.8 million in FY2018. Our newly acquired subsidiary in the hospitality business also contributed net loss of approximately S\$0.1 million in FY2018. Accordingly, profit before tax decreased significantly by 51.6% or S\$0.6 million from S\$1.1 million in FY2017 to S\$0.5 million in FY2018.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by S\$1.4 million from S\$12.2 million as at 31 December 2017 to S\$13.6 million as at 31 December 2018 due to intangible asset arising from the acquisition of Tomo Izakaya Pte. Ltd. ("Tomo") with 2 outlets serving Japanese cuisine, an increase in property, plant and equipment as well as refundable deposits for new and Tomo's outlets. The increase was partially offset by depreciation of S\$2.7 million and write-off of plant and equipment for outlets closed during the year of S\$0.2 million. Investment property with carrying amount of S\$1.0 million as at 31 December 2018 was reclassified from property, plant and equipment as the property is now held for rental income.

Current assets

The Group's current assets increased by S\$1.4 million from S\$10.6 million as at 31 December 2017 to S\$12.0 million as at 31 December 2018 due mainly to the increase in refundable deposits for the new outlets and serviced apartments for the hospitality business acquired in December 2018, increase in inventories and trade receivables from the new and two newly acquired outlets.

The increase in FY2018 was also attributed to an amount of approximately S\$0.3 million due from our Director, Mr Alan Goh Keng Chian, as Vendor in relation to the sale of the shares of Straits Organisation Pte. Ltd. ("SOPL") according to the provisions of sale and purchase agreement dated 13 November 2018 entered with the Company ("SPA"). This arose from the adjustment for the difference between the estimated net tangible assets of SOPL as at 30 November 2018 ("Estimated NTA") and its unaudited net tangible assets as ascertained from SOPL's management accounts for the period ending 30 November 2018 ("Unaudited NTA") (Please refer

to paragraph 3.2 of the announcement dated 13 November 2018 in relation to the SPA regarding the adjustment provision). This difference between the Estimated NTA and Unaudited NTA was mainly due to the expansion in SOPL's portfolio of apartments and condominiums to capture rising trends in the region, where the portfolio increased from 121 units in mid-November 2018 to 141 units across Singapore as at the end of December 2018. Due to the expansion, increase in rental and other running expenses resulted in losses for SOPL for the month of November and December 2018. The Unaudited NTA, which formed the basis of the Purchase Price, was consequently reduced.

Current liabilities

The Group's current liabilities increased by S\$3.0 million from S\$7.3 million as at 31 December 2017 to S\$10.3 million as at 31 December 2018 mainly due to (i) increase in trade and other payables of S\$1.3 million that resulted from higher purchases and renovation cost payables, (ii) increase in provision of restoration cost of S\$0.2 million as a result of reclassification from non-current portion for outlets with lease expiring in 2019, (iii) refundable tenants deposits of S\$0.7 million from the hospitality business acquired in December 2018 and (iv) a loan of S\$0.5 million from the director to fund the working capital of the hospitality business and (v) increase in deferred revenue of S\$0.4 million being advances received by the hospitality business.

Non-current liabilities

The Group's non-current liabilities increased by S\$0.1 million as at 31 December 2018, mainly due to additional provision for deferred tax liabilities and restoration costs for new outlets, which was offset by the reclassification of provision for restoration costs from non-current liabilities to current liabilities.

Positive working capital

As at 31 December 2018, the Group was in a net current assets position of S\$1.6 million as compared with S\$3.3 million as at 31 December 2017.

Shareholders' equity

The decrease in Group's shareholders' equity of S\$352,000 as at 31 December 2018 was mainly attributed to the final dividend payment of S\$0.6 million to its shareholders in respect of the financial year ended 31 December 2017 partially offset by the profit for the year of S\$0.3 million.

REVIEW OF CASH FLOWS

The Group generated net cash of S\$3.5 million from operating activities before changes in working capital. Net cash generated from working capital amounted to S\$0.4 million mainly due to an increase in trade and other payables of S\$0.9 million and decrease in trade and other receivables of S\$0.3 million. This was offset by increase in refundable deposits of S\$0.6 million and prepayments for the setup of new outlets of S\$0.2 million. As a result, net cash generated from operating activities was approximately S\$3.9 million.

Net cash used in investing activities amounted to S\$4.2 million due to purchase of property, plant and equipment for new outlets of S\$3.3 million, cash paid for restoration of S\$0.1 million and purchase consideration for acquisition of subsidiaries of S\$0.8 million.

Net cash used in financing activities of S\$0.6 million was due to the payment of dividend to the shareholders of the Company.

As a result of the above, the net decrease in cash and cash equivalents for the year was S\$0.9 million.

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

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

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

Singapore's F&B industry, and the restaurant sector in particular, continues to face pressure owing to slowing economic growth, rising operating costs, and labour shortage. Consumer trends continue to lean towards greater convenience and flexibility of choice, and growing demand for options such as online deliveries and sustainable practices. Focus for the Group remains on growth and effective cost management, and it will progress in tandem with the changing consumer trends to broaden its reach in the local market.

As at 31 December 2018, the total number of outlets for the Group stood at 3 overseas and 43 in Singapore. In Singapore, there were seven new outlets opened, two outlets acquired, one outlet closed due to mall refurbishment and 3 non-performing outlets closed in FY2018. The Group has 2 new outlets in the pipeline and 3 outlets to be closed in the next 12 months.

The Group will continue exploring untapped overseas opportunities to export its homegrown brands. The Group and Hong Kong-listed Ajisen Group have opened three outlets under the "So-Pho" brand in the PRC as at end December 2018, two in Shanghai and one in Guangzhou. In January 2019, Ajisen opened a new outlet in Shanghai Huanmao IAPM Shopping Mall. Separately, the Group's maiden outlet in Indonesia, in Plaza Senayan, Central Jakarta under the "So Pho" brand was opened in February 2019. Depending on the success of this venture, the Group will look to open more outlets in Indonesia over the next two years.

Alongside the initiatives for its F&B business, the Group is building up its hospitality business to provide a secondary revenue base and cross-sector collaboration opportunities. As at 31 December 2018, SOPL's serviced apartments arm, ST Residences had 141 serviced apartments across Singapore. It continues to grow with 60 additional serviced apartments across Singapore and 15 serviced apartments in Hong Kong and two additional apartment buildings comprising about 106 apartments in the pipeline, as well as three co-living hotels which could add an estimated 180 rooms to its portfolio by the last quarter of 2019

Sustainable growth remains a priority for the Group and it will explore suitable brands and businesses whether internally, through collaborations or acquisitions to add value to its operations both locally and overseas.

11. Dividend

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

Nil for FY2018

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

The Group declared a final tax exempt dividend of S\$0.26 cents per share in respect of financial year ended 31 December 2017. This dividend has been paid and reflected in the statement of changes in equity of the Group as at 31 December 2018.

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

Not applicable.

- (d) **Date payable**

Not applicable.

- (e) **Books closure date**

Not applicable.

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

There is no dividend declared or recommended for FY2018 as the Group would like to conserve cash for expansion of business.

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

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

Other than as disclosed under the amount due from/to directors (combined statement of the financial position line item) and section 11(a) above, the following are the IPT transactions during the current financial period:

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

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

| | As at 31 December 2018 (S\$'000) |
|---|---|
| Aggregate indemnity in connection with the security bonds | 350 |

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

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

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

| | Hospitality S\$'000 | | Food & Beverage S\$'000 | | Consolidated S\$'000 | |
|------------------------------------|------------------------|--------|----------------------------|---------|-------------------------|---------|
| | FY2018 | FY2017 | FY2018 | FY2017 | FY2018 | FY2017 |
| Revenue: | | | | | | |
| External customers | 446 | - | 64,308 | 57,966 | 64,754 | 57,966 |
| Inter-segment | - | - | - | - | - | - |
| | 446 | - | 64,308 | 57,966 | 64,754 | 57,966 |
| Results: | | | | | | |
| Interest expense | (1) | - | - | - | (1) | - |
| Depreciation | -^ | - | (2,697) | (2,398) | (2,697) | (2,398) |
| Impairment of non-financial assets | - | - | (51) | (353) | (51) | (353) |
| Income tax | - | - | (256) | (90) | (256) | (90) |
| Segment net (loss)/profit | (94) | - | 366 | 1,092 | 272 | 1,002 |
| Segment assets: | 2,097 | - | 23,460 | 22,755 | 25,557 | 22,755 |
| Segment liabilities | (2,097) | - | (9,637) | (8,580) | (11,734) | (8,580) |

^ Less than S\$1,000

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

Not applicable, except as mentioned in Note 8.

17. Breakdown of revenue and net profit

| | Group | | Increase/ (Decrease) % |
|---------------------------------------|-------------------|-------------------|---------------------------|
| | FY2018 S\$'000 | FY2017 S\$'000 | |
| Sales reported for: | | | |
| (a) First half of the financial year | 30,755 | 27,650 | 11.2 |
| (b) Second half of the financial year | 33,999 | 30,316 | 12.1 |
| | 64,754 | 57,966 | 11.7 |
| Net profit reported for: | | | |
| (a) First half of the financial year | 31 | 318 | (90.3) |
| (b) Second half of the financial year | 241 | 684 | (64.8) |
| | 272 | 1,002 | (72.9) |

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

| Annual dividend declared | FY2018 (S\$'000) | FY2017 (S\$'000) |
|--|---------------------|---------------------|
| Ordinary dividend – Final, tax exempt (one tier) | - | 602 |
| Preference dividend | - | - |
| Total | - | 602 |

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

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|------|-----|--|---|---|
| Nil | | | | |

On behalf of the Board

Alan Goh Keng Chian
CEO and Executive Chairman

Madaline Catherine Tan Kim Wah
Executive Director

1 March 2019