Katrina
GROUP LTD.





ADVANCING
in adversity




ANNUAL REPORT 2020

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CORPORATE PROFILE

With an established history since 1995, Katrina Group Ltd. ("**Katrina**" or the "**Group**") is a Food & Beverage (**F&B**) group that specialises in multi-cuisine concepts and restaurant operations. Currently, the Group operates 38 restaurants in Singapore and 2 restaurants in Indonesia under 9 different F&B brands, namely, Bali Thai, Honguo, So Pho, Streats, Bayang, Hutong, Muchos, RENNthai, and Tomo Izakaya. These brands serve authentic cuisines of 8 different ethnicities, namely Hong Kong, Indonesian, Japanese, Mexican, northern Chinese, Thai, Vietnamese and Yunnan.

Katrina 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. Of the Group's nine brands, 4 are casual dining brands and 5 are mid-ranged dining brands, all strategically located in convenient and high foot traffic locations. In addition, 3 of the Katrina Group's brands – Bali Thai, So Pho and Streats are Halal-certified.

Katrina's hospitality business aims at providing quality accommodation with top-notch customer service since December 2018. The Group currently leases and manages around 130 serviced apartments, 2 apartment buildings comprising 68 apartment units as well as 4 co-living hotels comprising more than 230 rooms across Singapore.

CORPORATE MILESTONES

2020

F&B
Awarded SG CLEAN quality marks
Hospitality:
Awarded SG CLEAN quality marks
Straits Organization rebranded to ST Hospitality in 2020
2 co-living hotels and Signature Lite (Dayuse) launched

ST HOSPITALITY

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

ST SIGNATURE CO-LIVING HOTELS

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

ST RESIDENCES SERVICED APARTMENTS

2017

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

2016

Listed on SGX-Catalist

2015

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

2013

Introduced first Vietnamese brand

2010

Developed first non-Asian brand

2008

Introduced additional upmarket brand

2007

Launched first chain of Chinese restaurants

2006

Launched 2 new brands

2001

Ventured into upmarket dining fare

1995

Launched first restaurant in West Mall

1995

Started operating "Katrina Nasi Padang"

OUR BUSINESS

9
F&B Brands

2
Hospitality Brands

CASUAL DINING BRANDS

BALI THAI

INDONESIAN & THAI CUISINE

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.

SINGAPORE OUTLETS:
- Causeway Point
- IMM Building
- NEX
- Ngee Ann City
- Suntec City
- Waterway Point

streats

Streats serves popular Hong Kong, Macau, Indonesian and Asian street food! Indulge wide array of menu from traditional dim sum, noodles, pasta and palatable Asian fanfares in our halal-certified restaurant.

SINGAPORE OUTLETS:
- Bukit Panjang Plaza
- City Square Mall
- IMM Building
- Resort World Sentosa
- Tampines 1
- West Mall

SINGAPORE OUTLETS:

- Bugis Junction
- NEX

YUNNAN CHINESE CUISINE

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 PHỞ

VIETNAMESE CUISINE

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.

SINGAPORE OUTLETS:

- Causeway Point
- The Clementi Mall
- Great World City
- IMM
- ION Orchard
- JEM
- Jewel
- Marina Bay Sands (2021)
- Northpoint City
- Novena Square
- Paragon
- Parkway Parade
- Suntec City
- The Star Vista
- Tampines Mall
- VivoCity
- Waterway Point
- White Sands

CHINA OUTLETS OPERATED BY JOINT VENTURE:

- TeeMall, Guangzhou
- New Raffles City, Shanghai
- Huanmao IAPM Mall, Shanghai

INDONESIA OUTLETS:

- Plaza Senayan
- Central Park Mall

MID-RANGED DINING BRANDS

胡 Hutong 同

NORTHERN CHINESE CUISINE
Singapore outlet:
• Clarke Quay

Our Northern Chinese-inspired menu features Szechuan BBQ skewers that are marinated overnight with a special inhouse blend. Interestingly put together, they bring out the laidback charm of old Beijing in a sharp contrast with the vibrant backdrop by the Clarke Quay riverside.

IZAKAYA 朋友 TOMO

JAPANESE CUISINE
Singapore outlet:
• Clarke Quay • Esplanade

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.

Bayang

INDONESIAN CUISINE
Singapore outlet:
• Clarke Quay

Bayang brings a lush slice of Bali to Singapore, thanks to its warm Balinese decor and authentic and affordable dishes.

RENNthai

THAI CUISINE CUISINE
Singapore outlet:
• Clarke Quay

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.

MUCHOS

MEXICAN CUISINE
Singapore outlet:
• Clarke Quay

Muchos Mexican Bar and Restaurant serves classic Mexican dishes.

ST SIGNATURE
CO-LIVING HOTELS

ST RESIDENCES
SERVICED APARTMENTS






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.

ADVANCING
in adversity

Adapting to the tough challenges set out by the pandemic had been one of our key achievements, as we put in place various safety management, business diversification and cost control measures to counter its impact.

MR ALAN GOH KENG CHIAN
Founder, Executive Chairman & CEO

DEAR SHAREHOLDERS,

FY2020 had been undoubtedly an extraordinary year plagued by unprecedented challenges. Businesses worldwide were confronted with a pandemic like never before, which not only disrupted our operations, but also changed our customers' behaviours and spending habits.

The COVID-19 pandemic had hit the food and beverage (**F&B**) and hospitality sectors especially hard in SIngapore, with economic downturn, lockdowns and the dine-in and travel restrictions, leading to both business segments experiencing dramatic fallouts especially during the Circuit Breaker period.

As a result, the Group recorded a 31.9% decline in total revenue to $57.4 million in FY2020, largely attributed by a 39.3% fall in revenue for our F&B business to $41.8 million as dine-in sales dropped drastically. Though revenue for our hospitality business increased marginally to $15.6 million contributed by the two new co-living hotels by ST Signature, we regret to announce a net loss after tax of $16.3 million in FY2020, attributable to the impairment loss of $12.0 million, as well as losses incurred by both businesses.

The Group is aware of the emphasis of matter 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.

Furthermore, as at 31 December 2020, the Group has cash and cash equivalents amounting to $10.6 million, as well as unutilised banking facilities of approximately $1 million. With the continued government support, easing of travel restrictions and Phase 3 re-opening in Singapore, we are already seeing improved performance in the first quarter of this year. We hope that there will not be any significant lockdown which will cause operational disruptions and the recovery of business will be in line with the positive business sentiment as observed currently.

ADVANCING IN ADVERSITY

The F&B and hospitality sectors have evolved rapidly over the course of 2020. Adapting to the tough challenges set out by the pandemic had been one of our key achievements, as we put in place various safety management, business diversification and cost control measures to counter its impact.

During the year, the F&B business had to make painful but necessary measures to contain costs. We returned non-performing outlets which lowered our rental expenses, reduced our headcount, implemented temporary salary cuts, as well as voluntary and compulsory no-pay leave arrangements. These helped us to reduce our operating costs amounting to $17.0 million, or a 26.9% decline as compared to FY2019.

The Group also placed great emphasis on the safety of our employees, customers and guests. We implemented clear hygiene policies and trainings for all staff, while working closely with the Singapore Tourism Board and Hotel Licensing Board to ensure cleaning and disinfecting measures were in place. With our commitment to uphold good sanitation and hygiene practices, our outlets and hotels were awarded with the SG Clean quality mark, giving our customers a peace of mind.

Though our businesses were impacted by Circuit Breaker and travel restrictions, we adapted our strategies quickly to the evolving situation and changing consumer habits. We engaged customers in more "dining-out" experience with more takeaways and contactless food deliveries. Through expanding our food ordering and delivery services on various mobile applications and platforms, we successfully rode on the new wave, opening up new channels to reach out to the more tech-savvy younger crowd.

Additionally, our initial participation to serve as quarantine quarters for travellers serving Stay-Home

Notices as well as the swift retargeting of market segment to attract Malaysians affected by Movement Control Order and Singaporeans whose home renovations were delayed had proven to work well. Our occupancy rates surged from about 60% to about 80% during that period. Our unique staycation and micro-stay experiences also appealed to locals who yearned for a "short getaway".

Ever since Phase 2, businesses had begun to pick up, especially in the suburban areas, driven by robust demand for convenient and quick food delivery. Though overseas travel may still remain a luxury, the strong domestic demand for delicious authentic cuisines and strong desire for a short holiday or a unique local travel experience will continue to fuel our business growth.

TECHNOLOGY IN PLACE

During the year, our digital transformation efforts paid off, equipping us with the capabilities to navigate through the storm, and keeping us ahead of the game. Since late 2019, the Group made forays into greater digitalisation and innovation. Tapping on government grants such as the Productivity Solutions Grant, we developed new online-to-offline business strategies and mobile solutions alongside our trusted technology partners to build greater online presence.

We collaborated with popular e-commerce and food delivery platforms, to offer attractive promotions and hotel stay and food vouchers online. These increased our brand exposure and generated a healthy sustainable stream of online food orders and hotel reservations, contributing a significant 41.6% of our total revenue in FY2020.

FUTURE IN SIGHT

Despite the economic outlook still fraught with many uncertainties, the COVID-19's impact has made it clear that there is a paradigm shift towards technology. We are already seeing the benefits of moving towards the virtual space, with lower operating costs, improved productivity and shorter sales cycles.

As consumers move into the virtual worlds at an unprecedented rate and are easily exposed to newer trends, the Group is also investing more in digital and online marketing campaigns and creating greater brand awareness via social media and influencers for our F&B business. We believe that this will be a great complement to our dine-in experiences when more restrictions are eased towards the end of the year.

For our hospitality business, despite Singapore's COVID-19 situation under control and its vaccination programme well underway, the pace of border re-opening has slowed due to the global surge in COVID-19 cases and the emergence of more contagious strains. While reducing our commitments in view of the current situation, we are confident that when the macro environment recovers, we are poised to regain the scale and market share with the support from our landlords and customers.

We will continue to stay prudent and resilient, whilst consolidating our core competencies and managing our cost structure in the new normal. We will also continue to explore new opportunities to sharpen our competitive edge, and expand our businesses in Singapore and beyond.

NOTE OF ACKNOWLEDGEMENT

At this juncture, I would like to take this opportunity to thank Mr Mah Haw Soon for his invaluable contributions over the years, and welcome Mr Tan Juay Hiang to the Board. I believe that Mr Tan's wealth of experience and knowledge will bring great value to the Group. Furthermore, I wish to thank my fellow directors, the management team and employees who provided their unwavering dedication and understanding during this trying time. We are also thankful for the various support from the government such as rental reliefs and the Job Support Scheme which kept us going.

Last but not least, my heartfelt gratitude goes to all our customers, suppliers, partners and shareholders for their confidence and trust in us. I sincerely hope that you will continue to stand by us, as we navigate and advance through the storm together gradually and cautiously, slowly but surely.

MR ALAN GOH KENG CHIAN
Founder, Executive Chairman & CEO

Katrina
GROUP LTD.

100%
Katrina Holdings Pte Ltd

- 100% Singapore
  Bali Thai Food Catering Pte. Ltd.
- 100% Singapore
  Katrina International Pte. Ltd.
  - 100% Malaysia
    Katrina Holdings Sdn. Bhd.
  - 100% Indonesia
    PT. SOPHO Food Indonesia
  - 30% Singapore
    SO PHO International Limited
- 100% Singapore
  Tomo Izakaya Pte. Ltd.

100%
ST Hospitality Pte. Ltd.
(formerly known as Straits Organization Pte. Ltd.)

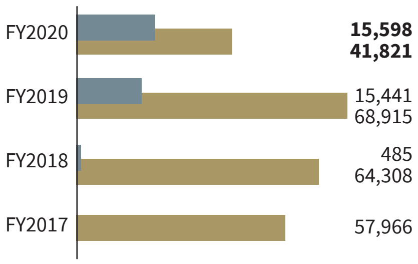
- 100% Singapore
  SOPL 1 Pte. Ltd.
- 100% Singapore
  SOPL 2 Pte. Ltd.
- 100% Singapore
  SO Services Pte. Ltd.
- 100% Singapore
  Straits Organization HK Limited

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

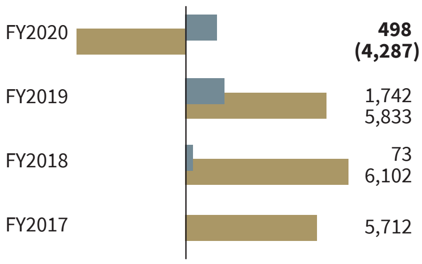
FINANCIAL HIGHLIGHTS

	FY2017	FY2018		FY2019		FY2020	
	F&B	**F&B**	**Hospitality**	**F&B**	**Hospitality**	**F&B**	**Hospitality**
Revenue ($'000)	57,966	64,308	485	68,915	15,441	**41,821**	**15,598**
Gross profit/(loss) ($'000)	5,712	6,102	73	5,833	1,742	**(4,287)**	**498**
Net profit/(loss) ($'000)	1,002	491	(60)	(3,988)	(2,334)	**(5,301)**	**(11,037)**
Earnings per ordinary share (cents)	0.43	0.21	(0.02)	(1.72)	(1.01)	**(2.29)**	**(4.77)**
Net Asset Value ("**NAV**") ($'000)	14,175	13,543	440	4,589	3,105	**(3,482)**	**(5,172)**
NAV per ordinary share (cents)	6.12	5.85	0.19	1.98	1.34	**(1.50)**	**(2.24)**

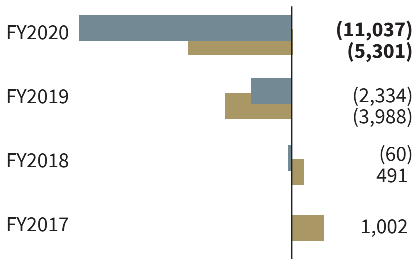
REVENUE ($'000)



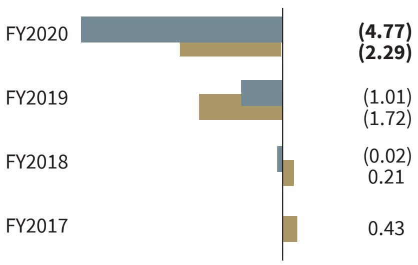
GROSS PROFIT/(LOSS) ($'000)



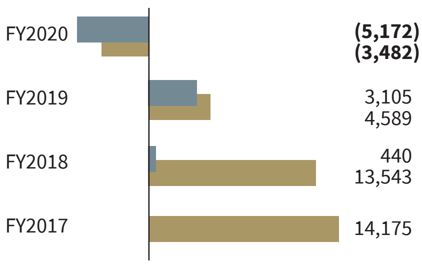
NET PROFIT/(LOSS) ($'000)



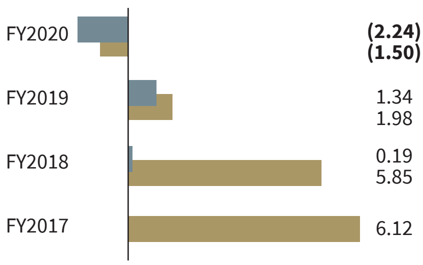
EARNINGS PER ORDINARY SHARE (CENTS)



NET ASSET VALUE ("NAV") ($'000)



NAV PER ORDINARY SHARE (CENTS)



F&B Hospitality

FINANCIAL PERFORMANCE

The Group's revenue for the year ended 31 December 2020 ("**FY2020**") was $57.4 million, a decrease of $26.9 million or 31.9% as compared to $84.3 million for the year ended 31 December 2019 ("**FY2019**").

Revenue for the Group F&B decreased by $27.1 million or 39.3% from $68.9 million in FY2019 to $41.8 million in FY2020, mainly attributed to the decrease in dine-in sales which was mitigated by a sustainable online sale.

Revenue for Group Hospitality increased marginally by $0.2 million or 1.0% from $15.4 million in FY2019 to $15.6 million in FY2020. The increase was due to the contribution from the 2 new co-living hotels by ST Signature which started their operations in early 2020.

Cost of sales mainly comprises food and beverages cost, payroll cost, depreciation of property, plant and equipment, depreciation of right-of-use assets 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 $15.6 million or 20.3% from $76.8 million in FY2019 to $61.2 million in FY2020.

Cost of sales for Group F&B decreased by $17.0 million or 26.9% from $63.1 million in FY2019 to $46.1 million in FY2020 mainly attributable to decrease in food and operating costs corresponding to decrease in revenue, decrease in rental expenses arising from return of non-performing outlets; reduced headcount and related staff costs as a result of temporary salary cuts, voluntary and compulsory no-pay leave arrangement.

Cost of sales for Group Hospitality increased by $1.4 million or 10.2% as ST Signature gradually started its co-living hotels operation since July 2019, which resulted in the rise in depreciation of property, plant and equipment, depreciation of right-of-use assets, staff costs, utilities, and other expenses such as online travel agency service fees.

Gross loss of $3.8 million in FY2020 was reported as compared to gross profit of $7.6 million in FY2019. Group F&B reported a gross loss of $4.3 million and Group Hospitality reported a gross profit of $0.5 million.

Other income increase by $10.8 million or 632.8% from $1.7 million in FY2019 to $12.5 million in FY2020 mainly due to the government grants, which include Jobs Support Scheme, Foreign Worker Levy rebate, Wage Credit Scheme, as well as the rental rebates under the Rental Relief Framework legislated by the government under the COVID-19 (Temporary Measures) Act 2020.

The selling and distribution costs decreased by $0.7 million or 37.9% from $1.8 million in FY2019 to $1.1 million in FY2020 mainly due to overall reduction in marketing and advertising expense associated with lower business activities.

Administrative expenses decreased by $0.2 million or 2.5% from $7.3 million in FY2019 to $7.1 million in FY2020 as a result of the Group's efforts to contain expenses.

Finance costs increased by $0.3 million or 6.0% from $4.6 million in FY2019 to $4.9 million in FY2020. The increase was mainly related to the interest expense from higher bank borrowings.

Other expenses increased by $9.9 million or 462.0% from $2.1 million in FY2019 to $12.0 million in FY2020, mainly due to the impairment loss of $5.6 million and $6.4 million recognised on property, plant and equipment and right-of-use assets respectively. They were non-cash in nature and caused mainly by the COVID-19 pandemic that materially and adversely affected the group business during the year.

Income tax expense of $8,000 was an additional tax assessment of a subsidiary in F&B business.

The Group reported a net loss after tax of $16.3 million in FY2020 largely attributable to the impairment loss of $12.0 million, as well as losses incurred by both Group F&B and Group Hospitality businesses.

FINANCIAL POSITION

The Group's non-current assets decreased by $36.8 million from $90.3 million as at 31 December 2019 to $53.5 million as at 31 December 2020.

This was mainly due to i) a decrease in depreciation charge of $28.9 million; ii) an impairment loss of $12.0 million; iii) a written-off of property, plant and equipment of $0.7 million; iv) early termination of lease of $6.7 million and v) a decrease in non-current security deposits of $2.4 million.

The decrease was offset by i) an increase in right-of-use assets of $11.4 million arising from the renewal of leases for some of the F&B outlets and new leases of $5.2 million under Group Hospitality business; and ii) an increase of $2.6 million in property, plant, and equipment.

The Group's current assets increased by $6.5 million from $12.3 million as at 31 December 2019 to $18.8 million as at 31 December 2020, This was mainly due to i) an increase in other receivables of $1.7 million from the Job Support Scheme and other receivable; ii) an increase in refundable deposits of $1.1 million reclassified from non-current refundable deposits; and iii) an increase in cash and cash equivalents as disclosed in the review of cash flows below.

The increase was offset by i) a decrease in trade receivables of $0.8 million; and ii) a decrease in prepayment of $0.5 million.

The Group's current liabilities increased by $0.1 million from $38.9 million as at 31 December 2019 to $39.1 million as at 31 December 2020 due to i) an increase in trade and other payables of $2.9 million; ii) an increase of provision of restoration costs of $0.2 million; iii) an increase of deferred grant income of $0.9 million and iv) an increase of loan and borrowing of $0.8 million; v) accrued expenses of $0.4 million. These were partially offset by a decrease in other liabilities which consists mainly a decrease in lease liabilities of $4.3 million.

The Group's non-current liabilities decreased by $14.1 million from $56.0 million as at 31 December 2019 to $41.9 million as at 31 December 2020. There was a decrease in non-current portion of lease liabilities of $16.2 million as a result of the repayment of obligations under the leases and a decrease in provision of restoration costs of $0.3 million, offset by an increase in net proceeds of loan and borrowings of $2.4 million.

The Group's shareholders' equity decreased by $16.4 million from $7.7 million to negative $8.7 million as at 31 December 2020. The decrease resulted from the net loss incurred during the period which includes the recognition of impairment loss of $12.0 million on the property, plant and equipment and right-of-use assets.

As at 31 December 2020, the Group was in a negative working capital position of $20.3 million as compared with negative working capital position of $26.6 million as at 31 December 2019. 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 the Group has secured a working capital line of $1 million during the FY2020. The Board has also received a letter of undertaking from a controlling shareholder to undertake financial support for 15 months to enable the Group to meet its liabilities as and when the Group is unable to meet such liabilities. The Group would continue to implement various strategic measures to contain cost, increase revenue and preserve cash liquidity.

STATEMENT OF CASH FLOWS

The Group's net cash generated from operating activities in FY2020 was $34.2 million. This was mainly due to operating cash flows before changes in working capital of $29.8 million and working capital inflow of $4.4 million.

Net cash used in investing activities amounted to $2.7 million mainly arising from purchase of property, plant and equipment for Group Hospitality's business and payment of restoration cost for outlet closed.

Net cash used in financing activities of $26.6 million was mainly due to the principal payment of lease payments of $29.4 million and interest payment of $0.4 million, which was partially offset by the net proceeds from loan and borrowings of $3.2 million.

The cash and cash equivalents for the year increased by $4.9 million.

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 TAN JUAY HIANG
Independent Director

MS JOAN LAU SAU CHEE
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 1995. He is an active member of the International Sea Keepers 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 was redesignated as the Lead Independent Director of the Group on 11 December 2020 and chairs the Audit Committee. 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 holds a Bachelor of Science in Economics degree from the London School of Economics, University of London.

MR TAN JUAY HIANG was appointed as Independent Director of the Group on 11 December 2020. He was designated as a Senior Advisor to the Board of Directors and the CEO with ST Hospitality Pte. Ltd., a subsidiary of the Group, for a few months prior to this appointment. He has relinquished the position of Senior Advisor on 4 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.

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.

MS LIM LI LING

Chief Financial Officer

Ms Lim Li Ling (Lynn) joined the Group in April 2020. As Chief Financial Officer, she is responsible for financial reporting, compliance to listing requirements, overall finance functions and accounting matters of the Group.

Prior to joining the Group, she was a Group Financial Controller at Neo Group Limited from Mar 2012 to Feb 2020, a Director (Finance and IT) at LTC LLP, a professional accounting practice, from 2011 to 2012, and a Financial Controller of Banquet Holdings Pte. Ltd. from 2009 to 2011. A veteran with over 30 years of experience, Lynn obtained a Bachelor of Business (Accountancy) degree from the Royal Melbourne Institute of Technology University in 2001. She is a non-practising Fellow Chartered Accountant Singapore as well as a Certified Practising Accountant (CPA Australia).

MR JOSHUA GOH KENG HONG

COO and Founder of ST Residences and ST Signature (collectively ST Hospitality)

Mr Joshua Goh Keng Hong trained as an architect from NUS and obtained Master of Architecture and Master of Business Administration, Keng Hong graduated first in class and worked for DP Architects in 2004. He was based in Singapore and Shanghai, and was involved in several high-profile commercial projects in Asia, including winning the design competition of the Singapore Sports Hub in 2008. Keng Hong pioneered the boutique backpacker hostel space in Singapore in 2011, with 1500 beds at its peak. He has since ventured into various segments including boutique hotels, serviced apartments and student hostels in Singapore, Hong Kong, Macau, and Tokyo, with ST Signature currently being the latest addition.

SUSTAINABILITY REPORT

1. BOARD STATEMENT

The material environmental, social, governance ("**ESG**") factors, economic performance and customer experience (collectively as "**Sustainability Factors**") for Katrina Group Ltd. ("**Katrina**") have been identified and reviewed by the Executive Chairman cum Chief Executive Officer ("**EC cum CEO**"). The Board of Directors of Katrina ("**Board**") having considered Sustainability Factors as part of our strategic formulation, determined the material Sustainability Factors and overseen the management and monitoring of the material Sustainability Factors. Sustainability is a part of our wider strategy to create long-term success and value for all our stakeholders. Amidst today's rapid business environment, the Board is fully 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 ("**SR 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 SR 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.

This Report covers the sustainability performance of our food and beverage business ("**F&B**") and hospitality business ("**Hospitality**"). A summary of our sustainability performance in FY2020 is as follows:

S/N	Material factor	Reporting priority[1]	Sustainability performance
Customer experience			
1	Total customer satisfaction	I	F&B Negative customer review rate[2] is less than 1% Hospitality All our brands have positive feedback ratings in excess of 80%
Economic			
2	Sustainable business performance	I	We reported a net loss after tax of $16.3 million in FY2020 largely attributable to the impairment loss as well as losses incurred by both F&B and Hospitality businesses
3	Proactive anti-corruption practices	II	Zero incident of corruption
Environmental			
4	Energy conservation	II	F&B ● LPG consumption rate is 147.0 kWh/ revenue $'000 ● Electricity consumption rate is 46.6 kWh/ square foot Hospitality Electricity consumption intensity is 201.0 kWh/ revenue $'000
5	Water conservation	III	F&B Water consumption intensity is 2.4 CuM/ revenue $'000 Hospitality Water consumption intensity is 2.5 CuM/ revenue $'000
6	Responsible waste management	III	F&B Volume of oil waste managed through a licensed oil collector amounts to 12,032kg
Social			
7	Commitment to data privacy and cybersecurity	I	Zero incident of substantiated complaint concerning breaches of data privacy and losses of personal data
8	Labour practices and talent management	I	Zero incident of non-compliance with manpower rules and regulations that lead to penalties
9	Customer health and safety	II	F&B NEA issued demerit points to an outlet and we had put in place additional policies and procedures to keep our premises clean Hospitality Zero incident of non-compliance with Fire Safety Act
10	Occupational health and safety	II	● Zero fatal, zero major[3] and 7 minor[4] work injury incidents ● Workplace injury rate[5] is 1,095 per 100,000 workers
11	Diversity and equal opportunity	II	Zero incident of complaint on unlawful discrimination
Governance			
12	Robust corporate governance framework	II	SGTI score is 51

[1] Reporting priority refers to the ranking assigned to each Sustainability Factor based on the level of concern to stakeholders and the significance of our impacts on the economy, environment and society. Refer to section 7.3 for further details.
[2] Customer review rate is calculated by dividing the total number of negative customer reviews by the total number of sales transactions.
[3] A major workplace injury is defined as one whereby an employee suffers from non-fatal, but severe injuries such as amputation, blindness, deafness, paralysis, crushing, fractures and dislocations, exposure to electric current, asphyxia or drowning and/or an issuance of a medical certificate of more than 20 days for burns, concussion, mosquito borne diseases and virus outbreak.
[4] A minor workplace injury is defined as one whereby an employee is injured in a work accident resulting in (i) hospitalisation of at least 24 hours and/or (ii) an issuance of a medical certificate of more than 3 days.
[5] The computation for workplace injury rate is the total number of fatal and non-fatal injuries per 100,000 workers. The number of workers include both full-time and part-time employees.

We face uncertainties as a result of the Coronavirus disease 2019 ("**COVID-19**" or "**Pandemic**") which affected our operations. To counter the adverse impact of the Pandemic on our operations, we have channelled our efforts towards strategic planning and human resource management. Given the uncertain outlook, we are monitoring the impact of the Pandemic and will remain vigilant during this challenging period.

For growth, we will continue to look out for diversification of the business to complement our core F&B business and growing Hospitality business. 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 the impact of the Pandemic in the relevant sections of this Report.

2. OUR BUSINESS

Our 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. Refer to section 8.1 for further details on the key brands operated by us under this business segment.

3. REPORTING PERIOD AND SCOPE

We are pleased to present Katrina's annual sustainability report ("**Report**"), for our financial year ended 31 December 2020 ("**FY2020**" or "**Reporting Period**").

This Report covers the operating entities within our F&B business and Hospitality business which contributed to 100% of the Group's revenue for FY2020 (FY2019: 100%).

4. REPORTING FRAMEWORK

This Report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards: Core option and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") 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.

In defining our reporting content, we have applied the GRI's principles for defining report content by considering our activities, economic, environmental and social impacts and substantive expectations and interests of our stakeholders. We have adhered to a total of four principles, including completeness, materiality, stakeholder inclusiveness and sustainability context. For reporting quality, we have followed 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 Sustainable Development Goals ("**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 may seek to externally assure 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.

6. STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material 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. These key stakeholders include communities, customers, employees, government and regulators, investors or shareholders, suppliers and service providers. 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.

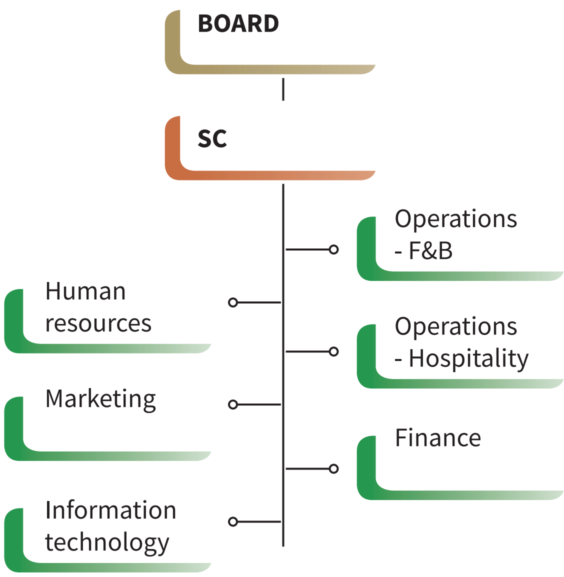
The table below sets out how we engage our stakeholders:

S/N	Stakeholder	Engagement platform	Frequency of engagement	Key concern raised
1	Communities	• Donations • Social events	Annually or when needed Annually or 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 Regularly Regularly Regularly Regularly Regularly	Quality of service
3	Employees	• Comprehensive training • Induction and orientation program • Staff appraisal • Open dialogues among teams	Monthly Weekly[6] Bi-annually Ad-hoc	• Health and safety • Wage and hiring • Training and development • Incentive and benefit
4	Government and regulators (collectively as "**Regulators**")	• Face-to-face meetings • Industry workshops • Participation in discussions • Regular reports	When needed When needed When needed Annually or when needed	• Corporate governance • Food safety and hygiene • Occupational health and safety
5	Investors or shareholders ("**Shareholders**")	• Annual report • Annual general meeting • Investor meetings • Results announcements • Corporate announcements/ press release	Annually Annually Annually or when needed Half-yearly When needed	• Sustainable business performance • Market valuation • Dividend payment • Corporate governance
6	Suppliers and service providers (collectively as "**Suppliers**")	• Email communications • Face-to-face meetings • Phone calls • Review and feedback sessions	Regularly Regularly Regularly Annually	Demand volatility

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 ("**SC**"), which comprises representatives from various support units. Our senior management advises the SC in reviewing our sustainability progress, discussing and coordinating on how the Group can better implement sustainability initiatives and contribute to sustainability efforts. The SC 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.



[6] In view of the Pandemic, we have temporarily halted our weekly induction and orientation program.

7.2 Sustainability reporting processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end results of this process include a list of material factors disclosed in this Report. Inter-relationships between the processes are shown in the chart below:

01	02	03	04	05
Determine scope of reporting in relation to the business	Identify and engage stakeholders to understand their concerns	Prioritise and assess the completeness of material factors identified	Assess the accuracy and completeness of data collected	Finalise report content and issue sustainability report

7.3 Materiality assessment

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

Reporting priority	Description	Criteria
I	High	Factors with high reporting priority should be reported in detail.
II	Medium	Factors with medium reporting priority should be considered for inclusion in the Report. It may be decided to not include them in the sustainability report if not material.
III	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 sustainability 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 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 capture systems.

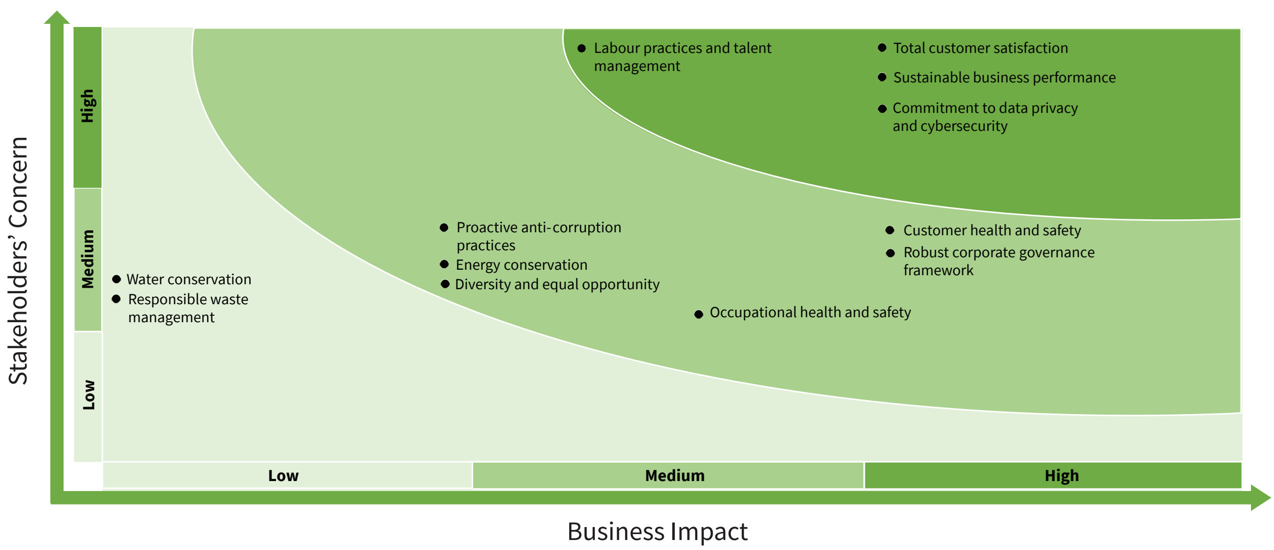
8. MATERIAL FACTORS ASSESSMENT

We conducted a materiality assessment during the year internally. As part of the materiality assessment, our senior management identified and prioritised material factors through internal workshops, peer review and impact assessments at site level. We then updated factors material to the sustainability of our businesses and their reporting priority in this Report. We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends.

Applying the guidance from GRI, we have identified the following material factors which are presented in the table and material factor matrix below:

S/N	Material factor	Key stakeholder	SDG	Reporting priority
1	Total customer satisfaction	Customers	Decent work and economic growth	I
Economic				
2	Sustainable business performance	Shareholders	Decent work and economic growth	I
3	Proactive anti-corruption practices	• Regulators • Shareholders	Peace, justice and strong institutions	II
Environmental				
4	Energy conservation	• Communities • Shareholders	Affordable and clean energy	II
5	Water conservation	• Communities • Shareholders	Clean water and sanitation	III
6	Responsible waste management	• Communities • Regulators	Responsible consumption and production	III
Social				
7	Commitment to data privacy and cybersecurity	• Customers • Regulators	Peace, justice and strong institutions	I
8	Labour practices and talent management	Employees	Quality education	I
9	Customer health and safety	• Customers • Suppliers	Decent work and economic growth	II
10	Occupational health and safety	Employees	Good health and well-being	II
11	Diversity and equal opportunity	Employees	Reduced inequalities	II
Governance				
12	Robust corporate governance framework	• Regulators • Shareholders	Peace, justice and strong institutions	II

Material factor matrix



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 2020, we operate a total of 37 outlets in Singapore (FY2019: 44 outlets) and 2 outlets in Indonesia (FY2019: 1 outlet). As an operator of restaurants and café chains under different brands and concepts, we constantly strive to meet consumer trends and offer our customers a wide range of cuisines. We own and operate nine 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 feedback collected are mined to gather valuable insights into current and future customer requirements. Insights gathered are discussed during the management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.

During the Reporting Period, we have successfully maintained a negative customer review rate[7] of less than 1% (FY2019: less than 1%).

Render good customer service
Our staff training and development programmes 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 an annual national award that recognises individuals who have delivered quality service, seeks to develop service models for others to emulate and creates service champions. In FY2020, 20, 18 and 7 members of our staff received the Gold, Silver and Star award respectively (FY2019: Gold: 19, Silver: 44 and Star: 16). We will continuously strive to improve our service standards. For further details on staff training and development programmes, refer to section 8.8.

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 instead of dining in by providing a 20% discount on all takeaway orders for all our brands during the promotional period. This effort is part of our initiative to build social resilience and support our community during the Pandemic.

Bring convenience for our customers with online ordering
In light of increasing customer demand for more efficient and convenient ordering process, we have launched a digital ordering website to allow our customers to choose the desired dining brand and opt for delivery or pickup order. We have also partnered with online delivery platforms such as GrabFood and Deliveroo to allow more customers to access to our food offerings. We believe that our online strategy will better serve our customers in the new normal arising from the Pandemic.

[7] 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.

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 for three months or longer;
- 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 short term accommodation at convenient locations. To cater to their needs, we offer the following:
- ST Residence operates a portfolio of furnished serviced apartments island-wide in prime and highly accessible locations; and
- ST Signature, which operates a co-living hotel, 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 are able to check-in as early as 24 hours before their scheduled arrival. This feature helps our guests to reserve ahead of time and avoid unnecessary delays when checking-in in person;
- There is also a chat feature for hotel guests that allows them to befriend and interact with other guests without revealing private details like his/her cabin number. This allows our guests to connect with others without worrying about his/her privacy; and
- Smart locks are also paired and linked to these applications where guests are given unique passwords to access their rooms upon check-in.

We are in the midst of implementing a customer relationship management ("**CRM**") system to offer a better customer experience. Besides consolidation of customers' data in a single system, the CRM system will leverage on artificial intelligence and data analytics to identify leads, follow-up to convert them into sales and track key performance indicators.

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[8] in excess of 80% (FY2019: overall customer positive feedback[9]). In addition, we were awarded the Traveller Review Awards 2020[10] with an average rating of 9.2 out of 10 from Booking.com.

Business segment	Target for FY2020	Performance in FY2020	Target for FY2021
F&B	Maintain or improve customer review rate	***Target met as follows***: Our negative customer review rate is less than 1% (FY2019: 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% (FY2019: overall customer positive feedback[9])	Maintain or improve feedback rating collected from various booking sites

[8] Where available and excludes customer review rate for serviced apartments in Hong Kong due to non-availability of information. We will strengthen our data collection process and include the relevant information in the future.
[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] The Traveller Review Awards is an annual appreciation programme by Booking.com that recognises partners for their exceptional hospitality. Assessment is based on review scores assessed by travellers' experience.

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	FY20		FY19		FY18	
	F&B	Hospitality	F&B	Hospitality	F&B	Hospitality
Revenue ($'000)	41,821	15,598	68,915	15,441	64,308	485
Gross profit/(loss) ($'000)	(4,287)	498	5,833	1,742	6,102	73
Net profit/(loss) ($'000)	(5,301)	(11,037)	(3,988)	(2,334)	491	(60)
Earnings per ordinary share (cents)	(2.29)	(4.77)	(1.72)	(1.01)	0.21	(0.02)
Net asset value ("**NAV**") ($'000)	(3,482)	(5,172)	4,589	3,105	13,543	440
NAV per ordinary share (cents)	(1.50)	(2.24)	1.98	1.34	5.85	0.19

As a result of the Pandemic, the Group' revenue decreased by $26.9 million to $57.4 million in FY2020 (FY2019: $84.3 million) due to a $27.1 million decrease in revenue from the F&B business. The decrease is largely attributable to border controls and safe distancing measures imposed due to the Pandemic.

We reported a net loss after tax of $16.3 million in FY2020 (FY2019: net loss after tax of $6.3 million) largely attributable to the impairment loss as well as losses incurred by both F&B and Hospitality businesses.

For the detailed financial results, please refer to the following sections in our Annual Report 2020:
- Financial Review, page 13; and
- Financial Statements, pages 82 to 87.

We are actively exploring opportunities to grow our business through acquisitions, joint ventures, franchising and strategic alliances with parties who can help to strengthen our brands, expand our market share in the region and support our growth with lower investment risks. We have diversified into the Hospitality business as we believe this will allow us to have better prospects of profitability, ensure long-term growth and improve shareholders' value in the long run. For our Hospitality business, we are continuously looking out for opportunities in co-living business model as it offers affordable, flexible and convenient alternative accommodation.

The Pandemic has adversely impacted our business during the Reporting Period. To counter the adverse impact, we have reassessed payment priorities, deferred capital expenditures, implemented cost reduction plans, managed receivables and considered alternative revenue streams. We have also tapped on the Temporary Bridging Loan Programme ("**TBLP**") to support our businesses and manage our immediate cash flow needs during this challenging period. The Board has also received a letter of undertaking from a controlling shareholder to undertake financial support for 15 months to enable the Group to meet its liabilities as and when the Group is unable to meet such liabilities.

Target for FY2020	Performance in FY2020	Target for FY2021
Be the leading F&B and hospitality company offering customers a great dining and hospitality experience by delivering quality food and exceptional services	***Target not met as follows***: In light of the Pandemic, we reported a net loss after tax of $16.3 million in FY2020 (FY2019: net loss after tax of $6.3 million) largely attributable to the impairment loss as well as losses incurred by both F&B and Hospitality businesses	Maintain or 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 saved in our cloud-storage folders, which are accessible by our employees where they can file a complaint by calling or emailing the Audit Committee Chairman directly. 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.

During the Reporting Period, we have no (FY2019: zero) reported incident of corruption[11]. We will regularly review policies on whistleblowing and anti-corruption.

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain zero incident of corruption	***Target met as follows***: We have no reported incident of corruption (FY2019: zero incident)	Maintain zero incident of corruption

8.4 Energy conservation

We are driven by our core value to be environmentally responsible and therefore committed to responsible usage of energy resources through enhancing 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.

We 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.

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

To minimise electricity consumption, we have converted from the use of traditional lighting to LED lighting for all our outlets.

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

Resource	Unit of measurement	Energy consumption rate	
		FY2020	FY2019
LPG	kWh/ revenue $'000	147.0	112.2
Electricity	kWh/ square foot	46.6	45.4

The LPG consumption rate increased as the decline in revenue caused by the Pandemic is greater than the decline in LPG consumption.

[11] 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.

HOSPITALITY

To run our operations, we rely mainly on the electricity for lighting and cooling.

During the Reporting Period, our electricity consumption intensity (kWh/ revenue \$'000)[12] is 201.0 (FY2019: 180.4). The increase in electricity consumption intensity is largely attributable to the increase in consumption as a result of guests staying in co-living hotels and serviced apartments to serve their stay home notice ("**SHN**") imposed as a result of the Pandemic.

As an initiative of going green and conservation of energy, 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 FY2020	Performance in FY2020	Target for FY2021
F&B	Continue to reinforce our initiatives and minimise environmental impact by minimising carbon emissions and reducing consumption of energy by 3%	***Target not met as follows***: ● LPG consumption rate increases to 147.0 kWh/ revenue \$'000 (FY2019: 112.2 kWh/ revenue \$'000) ● Electricity consumption rate is 46.6 kWh/ square foot (FY2019: 45.4 kWh/ square foot)	Maintain or reduce LPG and electricity consumption rates
Hospitality	Continue to reinforce our initiatives and minimise environmental impact by minimising carbon emissions and reducing consumption of energy by 3%	***Target not met as follows***: Electricity consumption rate is 201.0 kWh/ revenue \$'000 (FY2019: 180.4 kWh/ revenue \$'000)	Maintain or reduce electricity consumption 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:
- Ingredient in our products such as soup base;
- Dishwashing; and
- Kitchen cleaning.

During the Reporting Period, our water consumption intensity (CuM/ revenue \$'000)[13] is 2.4 (FY2019: 1.7). The water consumption rate increased as the decline in revenue caused by the Pandemic is greater than the decline in water consumption.

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

[12] Electricity consumption intensity is calculated by dividing the total consumption in kWh by the total revenue (\$'000) from entities covered. Figure excludes electricity consumption data for serviced apartments in Hong Kong due to non-availability of information. We will strengthen our data collection process and include the relevant information in the future.
[13] Water consumption intensity is calculated by dividing the total consumption in CuM by the total revenue (\$'000) from entities covered.

HOSPITALITY

During the Reporting Period, our water consumption intensity (CuM/ revenue $'000)[14] is 2.5 (FY2019: 1.7 CuM/ revenue $'000).

The water consumption intensity increased as the increase in revenue from new co-living hotels and serviced apartments is unable to match the increase in water consumption in light of the Pandemic as well as due to the commencement of ST Signature Lite's operations in FY2020.

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

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.

Business segment	Target for FY2020	Performance in FY2020	Target for FY2021
F&B	Continue to put in place procedures and initiatives to contribute to the reduction of water consumption by 3%	***Target not met as follows***: Water consumption intensity increases to 2.4 CuM/ revenue ($'000) (FY2019: 1.7 CuM/ revenue $'000)	Maintain or reduce water consumption rate
Hospitality	Continue to put in place procedures and initiatives to contribute to the reduction of water consumption by 3%	***Target not met as follows***: Water consumption intensity increases to 2.5 CuM/ revenue $'000 (FY2019: 1.7 CuM/ revenue $'000)	Maintain or reduce water consumption rate

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 reduction and 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 waste oil generated from operations is disposed through an accredited oil collector and amounted[15] to 12,032kg in FY2020 (FY2019: 17,743kg). The decline in waste oil disposal corresponds to the reduction in business activities 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 to be 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 waste.

[14] Water consumption intensity is calculated by dividing the total consumption in CuM by the total revenue ($'000) from entities covered. Figure excludes water consumption data for serviced apartments in Hong Kong due to non-availability of information. We will strengthen our data collection process and include the relevant information in the future.

[15] 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.

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 identify and try viable eco-alternatives for the remaining single-use plastic items on our property. For example, our Hospitality business has stopped providing bottled water in guests' rooms on a daily basis to reduce plastic waste. As a substitute, we provided a kettle in the cook laboratory or guest room 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 FY2020	Performance in FY2020	Target for FY2021
F&B	Maintain the same volume of oil waste managed through the accredited oil collector as FY2019	***Target met as follows***: All waste oil generated from operations is handled by an accredited oil collector and amounted to 12,032kg (FY2019: 17,743kg). The decline in waste oil disposal corresponds to the reduction in business activities as a result of the Pandemic	Maintain or improve the proportion of oil waste generated from operations that is properly disposed

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 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 (FY2019: zero) reported substantiated complaint[16] concerning breaches of data privacy and losses of personal data.

Target for FY2020	Performance in FY2020	Target for FY2021
Ensure compliance with PDPA	***Target met as follows***: We have no reported substantiated complaint concerning breaches of data privacy and losses of personal data (FY2019: zero incident)	Maintain zero incident of substantiated complaint concerning breaches of data privacy and losses of personal data

[16] A substantiated complaint refers to a complaint that has been investigated by the Personal Data Protection Commission and violation of regulations has been established.

8.8 Labour practices and talent management

We are recognised as one of 2019 Asia's Top Employer Brands. At Katrina, 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 have 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 courses ● Customer service courses ● Technical skills trainings
Hospitality	● Soft skill trainings ● Leadership and supervisory skills ● Fundamentals of PDPA ● Marketing courses ● Customer service courses ● Technical skills trainings

A total of 49,273 training hours are provided for our employees during FY2020 (FY2019: 78,494 hours). Our employees received an average of 77 training hours (FY2019: 98 hours) per employee[17]. The decline in training hours was mainly due to lesser training sessions conducted during the Pandemic as a result of social distancing and movement restriction measures.

We provide competitive remuneration based on merit to all our 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 our efforts in 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.

In FY2020, our turnover rate[18] is 50% (FY2019: 40%) and about 22% (FY2019: 19%) of our employees have been with us for at least five years. The increase in our turnover rate is mainly due to the turnover of foreign workers arising from border controls and movement restrictions imposed during the Pandemic.

During the Reporting Period, there is no (FY2019: zero) non-compliance incident of manpower related rules and regulations[19].

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain zero incident of non-compliance of manpower related rules and regulations	***Target met as follows***: We have no reported incident of non-compliance of manpower related rules and regulations (FY2019: zero incident)	● Maintain zero incident of non-compliance of manpower related rules and regulations ● Maintain or improve hours of training per employee subject to market conditions

17 Training hours cover full-time and part-time employees as their service quality is one of the most important competitive factors for our business.
18 Turnover rate is calculated by dividing the total number of leavers by the total number of full-time employees from entities covered. Figures exclude part-time employees.
19 Non-compliance refers to an incident whereby the relevant authority has completed an investigation which resulted in a penalty to the Company.

8.9 Customer health and safety

We are committed to deliver the best to our customers by providing customers with quality 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 is of utmost importance in our commitment to deliver quality products and services to our customers. We work with our partners from procurement, warehouse and logistics, quality assurance, and operations, to achieve this objective. Staff attend 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 National Environment Agency ("**NEA**") to one of our outlets (FY2019: one outlet) and we had 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 ingredients and raw materials.

Provide a clean dining environment
All our restaurants under our F&B business are certified with the SG Clean quality mark[20], 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.

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 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 FY2020	Performance in FY2020	Target for FY2021
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 an outlet and we had put in place additional policies and procedures to keep our premises clean (FY2019: one outlet)	Maintain zero rate of non-compliance with food safety and hygiene rules and regulations
Hospitality	Maintain zero incident of non-compliance with Fire Safety Act	***Target met as follows***: We have no reported incident of non-compliance with Fire Safety Act (FY2019: zero incident)	Maintain zero incident on non-compliance with Fire Safety Act

[20] The SG Clean campaign was launched on 16 February 2020 by the NEA as a proactive response to minimise the spread of the Pandemic and to make cleanliness a way of life in Singapore.

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 fatal, zero major[21] and 7 minor[22] work injury incidents in FY2020 (FY2019: zero fatal incident, one major incident and 35 minor incidents). The workplace injury rate[23] for FY2020 is 1,095 (FY2019: 4,500) per 100,000 workers. The workplace accidents are mainly associated with burn and cut 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 and have offered workplace flexibilities to our office staff, where practicable. As for the outlet staff, we have staggered their working hours and have implemented protection measures such as temperature screening for employees working at the outlets.

Target for FY2020	Performance in FY2020	Target for FY2021
Continue to educate and reinforce workplace safety measures at all times and aim to ensure that the number of minor incidents in the upcoming years is kept at a maximum of 30	***Target met as follows***: ● Zero fatal, zero major and 7 minor work injury incidents (FY2019: zero fatal incident, one major incident and 35 minor incidents) ● Workplace injury rate is 1,095 per 100,000 workers (FY2019: 4,500 per 100,000 workers)	Maintain or improve workplace injury rate

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 2020 is 421 with 365 from the F&B business and 56 employees from the Hospitality business (FY2019: total number of full-time employees: 586[24]; F&B business: 529[24] employees; Hospitality business: 57[24] employees).

The percentage of female to total full-time employees is 48% (FY2019: 44%[24]) and 46% (FY2019: 45%) of our managers are females in FY2020. We also view gender diversity in the Board level as an essential element in supporting sustainable development. We have a female representation of two Director (FY2019: two) in the Board or 40% (FY2019: 40%) of the Board, with one being the Executive Director and the other being an Independent Director.

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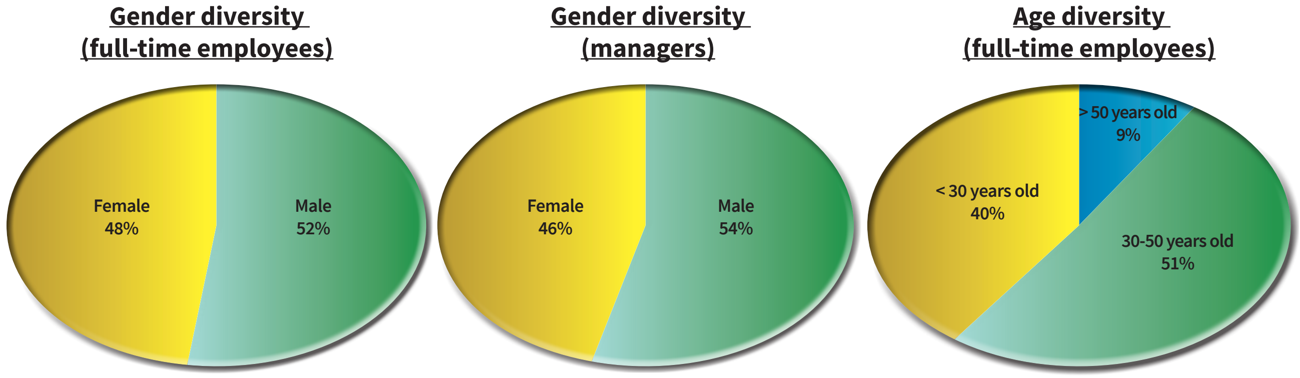
[21] A major workplace injury is defined as one whereby an employee suffers from non-fatal, but severe injuries such as amputation, blindness, deafness, paralysis, crushing, fractures and dislocations, exposure to electric current, asphyxia or drowning and/or an issuance of a medical certificate of more than 20 days for burns, concussion, mosquito borne diseases and virus outbreak.

[22] A minor workplace injury is defined as one whereby an employee is injured in a work accident resulting in (i) hospitalisation of at least 24 hours and/or (ii) an issuance of a medical certificate of more than 3 days.

[23] The computation for workplace injury rate is the total number of fatal and non-fatal injuries per 100,000 workers. The number of workers include both full-time and part-time employees.

[24] These figures have been restated to include only full-time employees.



In relation to age diversity, matured workers are valued for their experience, knowledge and skills. In FY2020, 9% (FY2019: 11%[25]) 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 educational establishments 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 have 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 (FY2019: zero) incident of unlawful discrimination against employees.

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain zero incident of complaint on discrimination	***Target met as follows***: We have no reported incident of complaint on unlawful discrimination (FY2019: zero incident)	Maintain zero incident of unlawful discrimination against employees

8.12 Robust corporate governance framework

At Katrina, we believe that strong governance is the key to a sustainable business. Throughout FY2020, we continue to comply with the Code of Corporate Governance issued by the Monetary Authority of Singapore.

It is a continual challenge to successfully manage the environmental and social issues. We have incorporated this into our business model and implemented sustainable and responsible practices in the Group. Our products and services meet what we believe are key requirements demanded by our customers and the relevant regulatory bodies. We meet key environmental and safety standards that are expected of us.

Our code of conduct clearly spells out our expectations on 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.

The Board recognises the importance of maintaining a sound system of risk management and internal control ("**ERM framework**") 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 ("**MRC**"). The Board and various MRC oversee and ensure that such a framework is appropriately implemented and monitored.

[25] This figure has been restated to include only full-time employees.

The ERM framework is intended to provide reasonable but not absolute assurance against material misstatements or loss. The 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 51 for year 2020 (year 2019: 53). 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 the Corporate Governance Report of this Annual Report on details for our corporate governance practices.

Target for FY2020	Performance in FY2020	Target for FY2021
Continue to comply with the Code of Corporate Governance	***Target met as follows***: We continue to comply with the Code of Corporate Governance and our SGTI Score is 51 (year 2019: 53)	Improve or maintain our SGTI score

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 (SR 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	• 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)**
7 AFFORDABLE AND CLEAN ENERGY	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 save costs incurred to support our business operations. **(Section 8.4 Energy conservation)**

SDG		Our effort (SR factor)
8 DECENT WORK AND ECONOMIC GROWTH	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 with market standards on 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)**
10 REDUCED INEQUALITIES	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)**
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	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)**
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	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 also 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)**

10. GRI CONTENT INDEX

GRI standard & disclosure title		Section reference	Page
Organisation 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 • Financial Contents > Notes to the Financial Statements > Corporate Information • Financial Contents > Notes to the Financial Statements > Investment in Subsidiaries	01 04-06 07 19 23-24 88 119-120
102-3	Location of headquarters	• Corporate Information • Financial Contents > Notes to the Financial Statements > Corporate Information	- 88
102-4	Location of operations	Corporate Profile	01
102-5	Ownership and legal form	• Group Structure • Financial Contents > Notes to the Financial Statements > Corporate Information • Financial Contents > Shareholdings Statistics	11 88 138-139
102-6	Markets served	Corporate Profile	01
102-7	Scale of the organisation	• Financial Highlights • Financial Review • Sustainability Report > Material Factors Assessment > Sustainable Business Performance • Sustainability Report > Material Factors Assessment > Diversity and Equal Opportunity • Financial Contents > Consolidated Statement of Comprehensive Income • Financial Contents > Statements of Financial Position	12 13 25 32-33 82 83-84
102-8	Information on employees and other workers	Sustainability Report > Material Factors Assessment > Diversity and Equal Opportunity	32-33
102-9	Supply chain	Sustainability Report > Our Business	19
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	34-35
102-13	Membership of associations	None	-

GRI standard & disclosure title		Section reference	Page
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	17-19
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	• Sustainability Report > Material Factors Assessment > Robust Corporate Governance Framework • Financial Contents > Corporate Governance Report	33-34 41-74
Governance			
102-18	Governance structure of the organisation	• Sustainability Report > Sustainability Approach > Sustainability Governance Structure • Financial Contents > Corporate Governance Report	20 41-74
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	19-20
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	19-20
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	19-20
102-44	Key topics and concerns raised	• Sustainability Report > Stakeholder Engagement • Sustainability Report > Material Factors Assessment > Total Customer Satisfaction	19-20 23-24
Reporting practice			
102-45	Entities included in the consolidated financial statements	• Group Structure • Financial Contents > Notes to the Financial Statements > Investment in Subsidiaries	11 119-120
102-46	Defining report content and topic Boundaries	Sustainability Report > Sustainability Approach > Sustainability Reporting Processes	21
102-47	List of material topics	Sustainability Report > Material Factors Assessment	22-34
102-48	Restatements of information	There are some minor restatements of the following: • Sustainability Report > Material Factors Assessment > Diversity and Equal Opportunity	32-33

GRI standard & disclosure title		Section reference	Page
Reporting practice			
102-49	Changes in reporting	Sustainability factors added: ● Sustainability Report > Material Factors Assessment > Total Customer Satisfaction Sustainability factors removed: ● Sustainability Report > Environmental Compliance ● Sustainability Report > Supplier Environmental Assessment ● Sustainability Report > Local Communities ● Sustainability Report > Socioeconomic Compliance The above-mentioned factors have been removed based on a materiality assessment performed with the senior management. We will continue to monitor the relevance and materiality of these factors based on internal and external developments and disclose on these factors if applicable.	 23-24
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	19
102-51	Date of most recent report	Sustainability Report 2019	-
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	19
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	19
102-54	Claims of reporting in accordance with the GRI Standards	● Sustainability Report > Reporting Framework ● Sustainability Report > GRI Content Index	19 36-39
102-55	GRI content index	Sustainability Report > GRI Content Index	36-39
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	22-34
103-2	The management approach and its components	● Sustainability Report > Board Statement ● Sustainability Report > Sustainability Approach ● Sustainability Report > Material Factors Assessment	17-19 20-21 22-34
103-3	Evaluation of management approach	Sustainability Report > Material Factors Assessment	22-34
201-1	Direct economic value generated and distributed	● Financial Highlights ● Financial Review ● Sustainability Report > Material Factors Assessment > Sustainable Business Performance ● Financial Contents > Consolidated Statement of Comprehensive Income ● Financial Contents > Statements of Financial Position	12 13 25 82 83-84
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors Assessment > Proactive Anti-corruption Practices	26

GRI standard & disclosure title		Section reference	Page
Category: Environmental			
302-1	Energy consumption within the organisation	Sustainability Report > Material Factors Assessment > Energy Conservation	26-27
303-5	Water consumption	Sustainability Report > Material Factors Assessment > Water Conservation	27-28
306-2	Waste by type and disposal method	Sustainability Report > Material Factors Assessment > Responsible Waste Management	28-29
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors Assessment > Labour Practices and Talent Management	30
403-9	Work-related injuries	Sustainability Report > Material Factors Assessment > Occupational Health and Safety	32
404-1	Average hours of training per year per employee	Sustainability Report > Material Factors Assessment > Labour Practices and Talent Management	30
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report > Material Factors Assessment > Labour Practices and Talent Management	30
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors Assessment > Diversity and Equal Opportunity	32-33
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report > Material Factors Assessment > Diversity and Equal Opportunity	32-33
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report > Material Factors Assessment > Customer Health and Safety	31
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report > Material Factors Assessment > Commitment to Data Privacy and Cybersecurity	29

FINANCIAL CONTENTS

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 2020 ("**FY2020**") 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 pages 63 to 66 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, the Company's external auditors (the "**External Auditors**") 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. Directors are also informed of upcoming conferences or seminars relevant to their roles as Directors of the Company at the Company's expenses.

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 Audit Committee ("**AC**") (collectively, the "**Board Committees**") to facilitate the discharge of their respective responsibilities.

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

The Board Committees are actively engaged and play an important role in ensuring good corporate governance of the Group. All recommendations of the Board Committees are subsequently reviewed by the Board.

Please refer to Table A set out on pages 63 to 66 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 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 FY2020 are set out in Table B at page 66 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 communicatoins 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.

<u>Provision 1.7</u> **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 External Auditors 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 FY2020.

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.

<u>Provision 2.1</u> **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 FY2020, 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 63 to 66 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 FY2020, 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 females 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 page 15 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 FY2020.

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. 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 63 to 66 of this Annual Report for the responsibilities of the NC, based on written terms of reference.

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 annual general meeting of the Company. Any Director appointed by the Board during the financial year shall hold office only until the next annual general meeting. 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 67 to 72 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.

<u>Provision 4.3</u> **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.

<u>Provision 4.4</u> **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 is of the view that Mr Tan Kong King, Ms Joan Lau Sau Chee and Mr Tan Juay Hiang are independent.

<u>Provision 4.5</u> **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 page 15 of this Annual Report and, in respect of the retiring Directors who standing for re-election, in Table C on pages 67 to 72 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 accessing 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 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. 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.

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 FY2020 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 FY2020.

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 FY2020.

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 pages 63 to 66 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 FY2020. 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 FY2020, the RC noted that the Executive Directors and key management personnel were taking basic salary reduction between 30% and 50% to combat the business effects of the COVID-19 pandemic. The Executive Directors are continuing the 50% basic salary reduction till end June 2021.

The Company had no long-term incentive schemes during FY2020.

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 Annual General Meeting ("**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 pages 73 to 74 for the detailed 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.

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

Please refer to Table D set out on pages 73 to 74 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, variable or performance-related incentives/bonuses and benefit-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 two key management personnel (who are not Directors or the CEO) during FY2020 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) as 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 remuneration exceeds $100,000 during the year, in bands no wider than $100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.**

Please refer to Table D set out on pages 73 to 74 for remuneration bands and details of employees who are immediate family members of a Director or the CEO during FY2020.

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. As the date of this report, no options have been granted under the KGL PSP.

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. Neither the Executive Directors nor key management personnel received any variable bonus in FY2020. 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 and key management personnel 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 External Auditors and Internal Auditors 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 LLP during FY2020 to facilitate the development of a risk management framework ("**ERM**") for the Group. An ERM exercise was performed by the Company in FY2020 involving 9 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 received assurance from the CEO and the CFO that for FY2020 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 Internal and External Auditors.

The AC reviews the scope of the External Auditors' audit plan and the effectiveness of the results from the independent audit. The AC also reviews the independence and objectivity of the External Auditors 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 External Auditors, and approves the remuneration and terms of engagement of the External Auditors.

Non-audit fee paid to the Company's External Auditors in FY2020 is disclosed in Note 9 to the financial statements.

In compliance with Rule 1204(6)(b) of the Catalist Rules, the AC undertook the annual review of the independence and objectivity of the External Auditors by reviewing the non-audit services provided and the fees paid to them. It is the opinion of the AC that the nature and extent of non-audit services provided by the External Auditors do not affect the independence and objectivity of the External Auditors.

Ernst & Young LLP and its member firms are the auditors of all the Company's Singapore incorporated subsidiaries and foreign-incorporated subsidiaries. The Board and AC are of the view that the Company has complied with Catalist Rules 712 and 715 in relation to its External Auditors.

The AC agreed that the Key Audit matters ("**KAM**") highlighted by the External Auditors were appropriate areas to focus on. The AC examined the findings on these and other areas together with the External Auditors and Management. In each of the KAM, the AC reviewed and accepted the judgmental assumptions made, models used, and accounting treatments adopted by the Management. The AC concurred with the External Auditors 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 Chairman, in good faith and in confidence. There were no whistleblowing reports received in FY2020.

The procedures for whistle blowing have been circulated to the employees in their handbook.

The procedures for whistle blowing are also saved under the cloud-storage folders, which are accessible by the employees of the Company and its subsidiaries where they can call or email the AC Chairman directly on all matters. 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, all of whom are 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, have 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 63 to 66 for the composition and the main functions of the AC.

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 Internal Auditors. The Internal Auditors 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 outsourced to BDO LLP, which is an established international auditing firm. BDO LLP conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal auditors. The BDO LLP Engagement Partner has more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience.

The role of the Internal Auditors 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 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 Internal Auditors may be involved in ad-hoc projects initiated by the Management which require the assurance of the Internal Auditors in specific areas of concerns.

Based on the risks identified from the ERM exercise performed by the Group in FY2020 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 Internal and External Auditors, 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 FY2020. 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 Internal Auditors.

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

In view of the COVID-19 situation, the forthcoming AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM.

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 Chairpersons of the NC, RC and AC, as well as the External Auditors, are present to assist the Directors in addressing any relevant queries raised by Shareholders.

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/.

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 FY2020 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/.

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.

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. 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.

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.

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 and 13.1.

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 FY2020 or have been entered into since the end of FY2019.

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 enteres 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 Company does not have a general mandate from shareholders in respect of interested person transactions pursuant to Rule 920 of the Catalist Rules and the Company has not entered into any interested person transaction with aggregate value of more than $100,000 during FY2020.

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 FY2020, 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 FY2020.

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

No non-sponsor fees were paid to the Company's sponsor, Hong Leong Finance Limited in FY2020.

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 and Board's Committees performance evaluation process that relate to the effectiveness of the Board and Board Committees;

8. review the results on performance of individual Directors include the level of participation, attendance at Board and Board committee meetings and the individual Director's functional expertise;

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

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

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 and key management personnel of the Group. 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 External Auditor;

3. review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the External Auditor, and to review with the External Auditor, his audit report;

4. review the nature and extent of such services, and where the External Auditor also supply a substantial volume of non-audit service to the Company;

5. review the assurance from the CEO and the CFO on 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 External Auditor and Internal Auditor;

7. review the independence of the External Auditor annually;

8. consider the appointment and re-appointment of the External Auditor and approve the remuneration and terms of engagement of the External Auditors;

9. review and discuss with the External Auditor 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 Internal Auditor, 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 External and Internal Auditors 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	1	1	1	2	2
2	Madaline Catherine Tan Kim Wah	3	1	1	N/A	1	N/A	2	N/A
3	Mah How Soon (Ma Haoshun)[1]	3	2	1	1	1	1	2	2
4	Joan Lau Sau Chee[2]	3	3	1	1	1	1	2	2
5	Tan Kong King[3]	3	3	1	1	1	1	2	2
6	Tan Juay Hiang[4]	3	1	1	–	1	–	2	–

Notes:

1. Mr Mah How Soon (Ma Haoshun) resigned as Lead Independent Director, Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee with effect from 11 December 2020.

2. Ms Joan Lau Sau Chee was appointed as an Independent Director, Chairman of Remuneration Committee, Member of Nominating Committee and Audit Committee with effect from 1 May 2019. Ms Joan Lau Sau Chee has attended all the Board and Board Committee meetings since her appointment.

3. Mr Tan Kong King presently as an Independent Director be redesignated as Lead Independent Director, Chairman of the Audit Committee, Member of Nominee Committee and Remuneration Committee with effect from 11 December 2020. Mr Tan Kong King has attended all the Board and Board Committee meetings since his appointment.

4. Mr Tan Juay Hiang was appointed as an Independent Director, Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee with effect from 11 December 2020.

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

TABLE C - Additional Information and Details of Directors Seeking Re-election

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

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:

Name of Director	**Madaline Catherine Tan Kim Wah (“Ms Madaline”)**	**Tan Juay Hiang (“Mr Tan”)**
Date of appointment	31 March 2016	11 December 2020
Date of last election	30 April 2019	–
Age	61	58
Country of principal residence	Singapore	Singapore
The Board’s comments on this re-election	The Board of Directors of the Company has accepted the NC’s recommendation, who has reviewed and considered Ms Madaline’s performance as an Executive Director of the Company.	The Board of Directors of the Company has accepted the NC’s recommendation, who has reviewed and considered Mr Tan’s performance as an Independent Director of the Board, Chairman of the Nominating Committee and the member of the Audit Committee and Remuneration Committee of the Company. The Board considers Mr Tan to be independent for the purpose of Rule 704(7) of the Catalist Rule.

Name of Director	Madaline Catherine Tan Kim Wah (“Ms Madaline”)	Tan Juay Hiang (“Mr Tan”)
Whether appointment is executive, and if so, the area of responsibility	Executive Ms Madaline is responsible for the formulation and introduction of the Group’s new concept ideas and menus for the new and existing brands. She assists the CEO in managing the Group’s overall business development and operations.	Non-Executive
Job title	Executive Director	Independent Director of the Board, Chairman of the Nominating Committee and the member of the Audit Committee and Remuneration Committee
Professional qualifications	N/A	Master in Business Administration - Nanyang Technological University Bachelor of Engineering (Civil) - National University of Singapore
Working experience and occupation(s) during past 10 years	N/A More than 20 years of experience in food and beverages, and restaurant operations.	September 2020 - December 2020 ST Hospitality Pte. Ltd. - Senior Advisor to the Board of Directors andthe Chief Executive Officer January 2020 - July 2020 The Ascott - Managing Director, Investments REIT July 2012 - December 2019 Ascendas Hospitality Fund Management Pte. Ltd. and Ascendas Hospitality Trust Management Pte. Ltd. - Chief Executive Officer and Executive Director March 2010 - June 2012 Ascendas Pte Ltd - Senior Vice President, Real Estate Funds Management
Shareholdings interest in the listed issuer and its subsidiaries	Ms Madaline is deemed to be interested in 97,860,504 ordinary shares registered in the name of HSBC (Singapore) Nominees Pte Ltd. Ms Madaline is also deemed to be interested in 107,521,904 ordinary shares held by her spouse Alan Goh Keng Chian.	No

Name of Director	Madaline Catherine Tan Kim Wah ("Ms Madaline")	Tan Juay Hiang ("Mr Tan")
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Alan Goh Keng Chian, the Executive Chairman and CEO, is the spouse of Ms Madaline. Mr Joshua Goh Keng Hong, the Chief Operating Officer of ST Hospitality Pte. Ltd., is the brother of Mr Alan Goh Keng Chian, the Executive Chairman and CEO.	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships	Past (for the last 5 years) *Group corporations* Hutong (CQ) Pte. Ltd. Present *Group corporations* Katrina Group Ltd. Katrina Holdings Pte Ltd Katrina International Pte. Ltd. Bali Thai Food Catering Pte. Ltd. Katrina Holdings Sdn. Bhd. PT. SoPho Food Indonesia as Commissioner Bayang At the Quay Pte. Ltd. (Gazetted to be struck-off) Renn Thai Pte Ltd (Gazetted to be struck-off)	Past (for the last 5 years) Ascendas China Fund Management Pte. Ltd. (Struck-off) Ascendas China Commercial Fund Management Pte. Ltd. (Struck-off) Ascendas Asia Fund Management Pte. Ltd. Ascendas Malaysia Investments Pte. Ltd. (Struck-off) Ascendas (AACF) Holdings Pte. Ltd. (Struck-off) Ascendas India Development Trust Pte. Ltd. Ascendas India Development I Pte. Ltd. (Struck-off) Ascendas India Development II Pte. Ltd. Ascendas India Development III Pte. Ltd. (Struck-off) 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.

Name of Director	**Madaline Catherine Tan Kim Wah ("Ms Madaline")**	**Tan Juay Hiang ("Mr Tan")**
		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 <u>Present</u> Armenian Office Pte. Ltd. Homebuyers Trust Private Limited Homebuy Solutions Private Limited Katrina Group Ltd.

Question	**Madaline Catherine Tan Kim Wah**	**Tan Juay Hiang**
(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	No

Question		Madaline Catherine Tan Kim Wah	Tan Juay Hiang
(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	No
(c)	Whether there is any unsatisfied judgment against him?	No	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	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	No
(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	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	No

Question		Madaline Catherine Tan Kim Wah	Tan Juay Hiang
(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	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	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	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	No
	(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	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	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	No

Question	**Madaline Catherine Tan Kim Wah**	**Tan Juay Hiang**
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange?	N/A	N/A
If yes, please provide details of prior experience.	N/A	N/A
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.	N/A	N/A

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 FY2020.

(a) Remuneration of Directors of the Company

Name of Director	**Salary[1] (%)**	**Directors' Fees (%)**	**Allowance and other benefits (%)**	**Total (%)**
\$250,000 to \$500,000				
Alan Goh Keng Chian	96.1	–	3.9	100.0
Madaline Catherine Tan Kim Wah	95.3	–	4.7	100.0
Below \$250,000				
Mah How Soon (Ma Haoshun)[2]	–	100.0	–	100.0
Joan Lau Sau Chee[3]	–	100.0	–	100.0
Tan Kong King[4]	–	100.0	–	100.0
Tan Juay Hiang[5]	–	100.0	–	100.0
Total Directors' Remuneration	**81.1**	**15.3**	**3.6**	**\$789,099**

Notes:

1. The salary includes any fixed bonus and the amount shown is inclusive of Central Provident Fund ("**CPF**"), all fees other than Directors' fees and other emoluments.
2. Mr Mah How Soon (Ma Haoshun) resigned as Lead Independent Director, Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee with effect from 11 December 2020.
3. Ms Joan Lau Sau Chee was appointed as an Independent Director, Chairman of Remuneration Committee, Member of Nominating Committee and Audit Committee with effect from 1 May 2019.
4. Mr Tan Kong King was redesignated as Lead Independent Director, Chairman of the Audit Committee, Member of Nominee Committee and Remuneration Committee with effect from 11 December 2020.
5. Mr Tan Juay Hiang was appointed as an Independent Director, Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee with effect from 11 December 2020.

(b) Remuneration of Key Management Personnel

Name of Key Management Personnel	Salary[1] (%)	Allowance and other benefits[1] (%)	Total (%)
Below $250,000			
Lim Li Ling	100.0	–	100.0
$250,000-$500,00			
Joshua Goh Keng Hong	81.0	19.2	100.0
Total Key Management Personnel's Remuneration	**86.4**	**13.6**	**$429,739**

Notes:

1. The salary and allowance and other benefits shown are inclusive of CPF.

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 FY2020.

No stock options were granted in FY2020. Please refer to the disclosure under Provision 8.3 for more details.

(c) Remuneration of employee related to Director

Name of Employee who are family members of a Director	Salary[1] (%)	Allowance and other benefits[1] (%)	Total (%)
Below $400,000			
Joshua Goh Keng Hong[2]	81.0	19.2	100.0
Below $200,000			
Donovan Goh Shen Shu[3]	100.0	–	100.0
Below $100,000			
Krystal Goh Shu Yan[4]	100.0	–	100.0

Notes:

1. The salary and allowance and other benefits shown are 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 $400,000 in FY2020.

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 2020.

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 2020 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, draw down available banking facilities and financing facilities guaranteed by the Group's controlling shareholder.

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 (Appointed on 11 December 2020)

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, Chapter 50, 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 1.1.2020**	**At 31.12.2020**	**At 21.1.2021**	**At 1.1.2020**	**At 31.12.2020**	**At 21.1.2021**
Number of shares in Katrina Group Ltd						
Alan Goh Keng Chian	40,000	2,661,500	–	202,720,908*	202,720,908**	205,382,408**
Madaline Catherine Tan Kim Wah	–	–	–	202,760,908^	205,382,408^^	205,382,408^^

* Mr Alan Goh Keng Chian is deemed to have an interest in the shares which his spouse holds or has an interest in.

^ Ms Madaline Catherine Tan Kim Wah is deemed to have an interest in the shares which her spouse holds or has an interest in.

** 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, Chapter 50, both Alan Goh Keng Chian and Madaline Catherine Tan Kim Wah are deemed to have interests in shares of all the subsidiaries to the extent held by the Company.

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

Options

No options were issued by the Company during the financial year. As at 31 December 2020, 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, Chapter 50. 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
15 April 2021

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020
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 2020, 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 Companies Act, Chapter 50 (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 2020 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 $16,338,000 for the year ended 31 December 2020. As of that date, the Group's net liabilities and current liabilities exceeded its net assets and current assets by $8,654,000 and $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. 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 continued financial supports from the financial institutions and its controlling shareholder to meet the Group's working capital needs.

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 2020, the carrying amounts of right-of-use assets and property, plant and equipment were $43,534,000 and $4,447,000, which represents 60% and 6% of Group's total assets, respectively.

In consideration of the business impact as a result of COVID-19 pandemic and the operating performances of the Group's cash generating units ("CGUs"), management has identified impairment indicators affecting certain CGUs in its 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 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 $6,396,000 and $5,602,000 to the right-of-use assets and property, plant and equipment respectively. This area was significant to our audit because the impairment assessment involved significant management judgement and required the management to make various assumptions in the underlying cash flow forecasts. Considering the level of management judgment involved and heightened degree of estimation uncertainty associated with current market and economic condition in the assessment, we engaged our internal valuation specialists to assist us in evaluating the reasonableness of certain key assumptions such as pre-tax discount rates.

As part of our audit, we reviewed management's identification of impairment indicators relating to the CGUs that incurred losses by assessing management's review of the financial performances on the CGUs. Where an 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.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Hah Yanying.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
15 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Revenue	4	57,419	84,356
Cost of sales	5	(61,208)	(76,781)
Gross profit		(3,789)	7,575
Other income	6	12,539	1,711
Selling and distribution costs		(1,087)	(1,750)
Administrative expenses		(7,118)	(7,304)
Finance costs	7	(4,865)	(4,590)
Other expenses	8	(12,010)	(2,137)
Loss before tax	9	(16,330)	(6,495)
Income tax (expense)/credit	11	(8)	173
Loss for the year, representing loss for the year attributable to owners of the Company		(16,338)	(6,322)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(10)	33
Other comprehensive income for the year, net of tax		(10)	33
Total comprehensive income for the year, representing total comprehensive income attributable to owners of the Company		(16,348)	(6,289)
Loss per share (cents per share)			
Basic and diluted	12	(7.06)	(2.73)

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

As at 31 December 2020

		Group		Company	
	Note	2020	2019	2020	2019
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	4,447	11,578	5	–
Intangible assets	14	–	12	–	–
Right-of-use assets	15	43,534	70,682	–	–
Investment property	16	918	976	–	–
Investment in subsidiaries	17	–	–	6,061	6,061
Investment in joint venture	18	–	–	–	–
Refundable deposits	19	4,609	7,024	–	–
		53,508	90,272	6,066	6,061
Current assets					
Inventories	20	164	176	–	–
Trade receivables	21	1,245	2,003	–	–
Other receivables	22	2,494	806	47	12
Refundable deposits	19	3,842	2,698	–	–
Prepayments		290	806	5	5
Amount due from a joint venture	22	103	103	–	–
Amounts due from subsidiaries	22	–	–	4,135	3,138
Tax recoverable		–	17	–	–
Cash and cash equivalents	23	10,638	5,714	184	128
		18,776	12,323	4,371	3,283
Total assets		72,284	102,595	10,437	9,344
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	24	10,322	7,419	291	289
Other liabilities	25	2,875	1,829	296	253
Lease liabilities	15	20,253	24,562	–	–
Provision	26	598	376	–	–
Contract liabilities	4	418	934	–	–
Provision for taxation		17	17	–	–
Loans and borrowings	27	4,574	3,807	–	–
		39,057	38,944	587	542
Net current (liabilities)/assets		(20,281)	(26,621)	3,784	2,741

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current liabilities					
Contract liabilities	4	61	66	–	–
Other payables	24	180	190	–	–
Lease liabilities	15	33,647	49,809	–	–
Provision	26	768	1,072	–	–
Deferred tax liabilities	11	6	6	–	–
Loans and borrowings	27	7,219	4,814	–	–
		41,881	55,957	–	–
Total liabilities		80,938	94,901	587	542
Net (liabilities)/assets		(8,654)	7,694	9,850	8,802
Equity attributable to owners of the Company					
Share capital	28	8,192	8,192	8,192	8,192
Foreign currency translation reserve	29	22	32	–	–
Retained earnings		(16,868)	(530)	1,658	610
Total equity		(8,654)	7,694	9,850	8,802
Total equity and liabilities		72,284	102,595	10,437	9,344

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

	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 2019	8,192	(1)	5,792	13,983
Loss for the year	–	–	(6,322)	(6,322)
Other comprehensive income:				
Foreign currency translation	–	33	–	33
Total comprehensive income for the year	–	33	(6,322)	(6,289)
Closing balance at 31 December 2019	8,192	32	(530)	7,694
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)

	Attributable to owners of the Company		
	Share capital (Note 28)	**Retained earnings**	**Total**
	$'000	$'000	$'000
Company			
Opening balance at 1 January 2019	8,192	248	8,440
Profit for the year, representing total comprehensive income for the year	–	362	362
Closing balance at 31 December 2019	8,192	610	8,802
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

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 2020

	Note	2020 $'000	2019 $'000
Operating activities			
Loss before tax		(16,330)	(6,495)
Adjustments for:			
Depreciation of property, plant and equipment	9	3,403	3,002
Depreciation of investment property	9	58	58
Depreciation of right-of-use assets	9	25,465	23,846
Impairment loss on right-of-use assets	8	6,396	929
Amortisation of intangible assets	8	–	99
Impairment loss on goodwill	8	12	468
Write-off of property, plant and equipment	9	679	3
Impairment loss on property, plant and equipment	8	5,602	540
Provision for restoration cost written-back	26	(47)	(33)
Finance costs	7	4,865	4,590
Gain on early termination of leases	6	(323)	–
Interest income	6	(1)	(9)
Expected credit losses on trade receivables	9	(3)	69
Currency realignment		29	31
Total adjustments		46,135	33,593
Operating cash flows before changes in working capital		29,805	27,098
Changes in working capital			
Decrease in inventories		12	27
Increase in trade and other receivables		(930)	(1,649)
Decrease/(increase) in refundable deposits		1,357	(2,697)
Decrease/(increase) in prepayments		516	(118)
Increase/(decrease) in trade and other payables		2,387	(75)
Increase in other liabilities		1,046	1,030
Increase/(decrease) in amounts due to a director		503	(455)
(Decrease)/increase in contract liabilities		(521)	425
Total changes in working capital		4,370	(3,512)
Cash flows from operations		34,175	23,586
Income taxes paid		9	(205)
Interest received		1	9
Net cash flows generated from operating activities		34,185	23,390

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

	Note	2020	2019
		$'000	$'000
Investing activities			
Purchase of property, plant and equipment	A	(2,562)	(7,119)
Cash paid for restoration cost		(112)	(130)
Repayment of amount due from a director		–	358
Net cash flows used in investing activities		(2,674)	(6,891)
Financing activities			
Proceeds from loan and borrowings	27	6,000	9,400
Repayments of loan and borrowings		(2,828)	(779)
Interest paid	27	(360)	(193)
Lease payments	15	(29,399)	(25,751)
Net cash flows used in financing activities		(26,587)	(17,323)
Net change in cash and cash equivalents		4,924	(824)
Cash and cash equivalents at 1 January		5,714	6,538
Cash and cash equivalents at 31 December	23	10,638	5,714

A. Property, plant and equipment

	Note	2020	2019
		$'000	$'000
Current year additions to property, plant and equipment	13	(2,562)	(7,440)
Less: Provision for restoration cost	26	–	321
Net cash outflow for purchase of property, plant and equipment		(2,562)	(7,119)

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

The consolidated 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 $16,338,000 (2019: $6,322,000) for the year ended 31 December 2020. As of that date, the Group's net liabilities and current liabilities exceeded its net assets and current assets by $8,654,000 (2019: net assets of $7,694,000) and $20,281,000 (2019: $26,621,000) 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) the Group will be able to generate sufficient cash flows from its operations to pay its liabilities as and when they fall due. Management has assumed that there will not be any further significant lockdown which will cause major disruption to business operations and that recovery of business will be in line with trajectory observed subsequent to the Phase 3 re-opening in Singapore. In particular, there are no significant changes in the economic environment and consumer sentiments from that observed subsequent to-date, which could result in changes in the revenue and gross margins forecasted by management;

(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;

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

2.1 *Basis of preparation (cont'd)*

Fundamental accounting concept (cont'd)

(d) the Group has unutilised banking facilities of approximately $1,000,000 as of 31 December 2020 that is available for use; and

(e) Subsequent to the year end, the controlling shareholder of the Group has received a Letter of Offer for credit facility from a financial institution in Singapore, which is guaranteed by a personal pledge from the controlling shareholder of the Group. The controlling shareholder has indicated through a letter of undertaking to make this available to the Group as and when required.

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 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group except as described below:

Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions

The Group early adopted Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions and has applied the practical expedient applicable in this amendment that is effective for annual periods beginning on or after 1 June 2020.

The standard allows the lessee to account for any COVID-19 related rent concessions received as a variable lease payment with the effect of the rent concession recognised directly in the consolidated statement of comprehensive income, rather than a lease modification, which generally requires a lessee to remeasure the lease liability by discounting the revised lease payments using a new discount rate under SFRS(I) 16 Leases.

Accounting for any COVID-19 related rent concessions directly in the consolidated statement of comprehensive income is permissible provided the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

The amount of COVID-19-related rent concessions recognised directly in the consolidated statement of comprehensive income is disclosed in Note 6.

The amendment is applicable for annual reporting periods beginning on or after 1 June 2020 and earlier application is permitted. The Group has early adopted this amendment for the year ended 31 December 2020 and has applied the practical expedient available in the standard.

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

2.3 ***Standards issued but not yet effective***

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

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16: *Property, plant and Equipments – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
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) 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 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 acquire (if any), and the fair value of the Group's previously held equity interest in the acquire (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, office and restaurant 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.

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

2.6 ***Property, plant and equipment (cont'd)***

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

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

2.7 ***Intangible assets***

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

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

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

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

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 combinations. 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.

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

2.8 *Investment properties (cont'd)*

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

2.9 *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 venture*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method.

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)

2.11 *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.

2.12 *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

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)

2.12 ***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.

2.13 ***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. Summary of significant accounting policies (cont'd)

2.14 *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.

2.15 *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.

2.16 *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.

2.17 *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".

2.18 *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. Summary of significant accounting policies (cont'd)

2.19 *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.

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.

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

2.19 *Leases (cont'd)*

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. Contingent rents are recognised as revenue in the period in which they are earned.

2.20 *Borrowings*

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

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

2.21 *Borrowing costs*

Borrowing costs are 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.

2.22 *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.

2.23 *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.

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

2.23 Revenue (cont'd)

(a) *Sales of food and beverages*

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

(b) *Licence fee*

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

(c) *Rental income*

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

(d) *Interest income*

Interest income is recognised using the effective interest method.

2.24 ***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, 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.

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

2.24 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

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, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

2.25 *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.

2.26 *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.

2.27 *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. Significant accounting judgments and estimates (cont'd)

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 2020 were $1,366,000 (2019: $1,448,000).

(b) *Impairment of right-of-use assets and property, plant and equipment*

The Group assesses whether there are any indicators of impairment 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.

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. 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.

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

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

(b) *Impairment of right-of-use assets and property, plant and equipment (cont'd)*

In particular, management assesses impairment 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 $6,396,000 and $5,602,000 to the right-of-use assets and property and plant and equipment respectively for the financial year ended 31 December 2020 (2019: $929,000 and $540,000).

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	
	2020	**2019**
	$'000	$'000
Sales of food and beverages, net of discount	41,821	68,915
Rental income from hospitality segment	15,598	15,441
	57,419	84,356

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 $934,000 (2019: $676,000).

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	
	2020	**2019**
	$'000	$'000
Government grants:		
- Wage Credit Scheme	307	32
- Foreign workers levy rebates and waiver	387	–
- Special Employment Credit	62	52
- Skills Development Fund	104	336
- Job Support Scheme	3,394	–
- Others	322	71
Interest income	1	9
Rental income from investment property	49	60
Rental concessions	7,265	–
Gain on early termination of leases	323	–
Licence fee	10	10
Marketing incentive from beverages suppliers	261	115
Compensation from landlord	–	990
Sponsorship received	52	–
Others	2	36
	12,539	1,711

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.

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.

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.

6. Other income (cont'd)

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 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 Statement for the financial year 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.

Rental concessions

Included in the aggregate rental concessions of $7,265,000 are property tax rebates of $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

		Group	
	Note	**2020**	**2019**
		$'000	$'000
Interest expense on bank loan		376	212
Interest on finance lease liabilities	15	4,579	4,590
Refundable deposits discount adjustment	19	(178)	(120)
Provisions discount adjustment	26	77	(77)
Security deposits adjustment		11	(11)
Others		–	(4)
		4,865	4,590

8. Other expenses

		Group	
	Note	2020	2019
		$'000	$'000
Expected credit losses of trade receivables	21	–	69
Impairment loss on property, plant and equipment	13	5,602	540
Impairment loss on right-of-use assets	15	6,396	929
Impairment loss on goodwill	14	12	468
Amortisation of intangible assets	14	–	99
Others		–	32
		12,010	2,137

9. Loss before tax

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

		Group	
	Note	2020	2019
		$'000	$'000
Audit fees:			
- Auditor of the Company		192	203
- Other auditors		15	22
Non-audit fees:			
- Auditor of the Company		32	45
Depreciation of property, plant and equipment	13	3,403	3,002
Depreciation of investment property	16	58	58
Depreciation of right-of-use assets	15	25,465	23,846
Employee benefits	10	19,245	26,700
Commission fees		2,173	2,930
Professional fees		271	343
Fixed rental expense on short term leases and low value assets	15	234	2,837
Contingent rental expense on operating leases	15	554	1,002
Write-off of property, plant and equipment		679	3
(Reversal)/expected credit losses of trade receivables	21	(3)	69

10. Employee benefits

	Group	
	2020	**2019**
	$'000	$'000
Employee benefits expenses (including director's remuneration):		
Salaries, bonuses and other costs	16,224	22,328
Central Provident Fund and other pension costs	1,231	1,639
Other personnel costs	1,790	2,733
	19,245	26,700

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

11. Income tax expense

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 December 2020 and 2019 are:

	Group	
	2020	**2019**
	$'000	$'000
Consolidated statement of comprehensive income:		
Current income tax		
- Current year	–	–
- Under/(over) provision in respect of previous years	8	(37)
Deferred income tax		
- Current year	–	(131)
- Over provision in respect of previous years	–	(5)
Income tax expense/(credit) recognised in the consolidated statement of comprehensive income	8	(173)

11. Income tax expense (cont'd)

Relationship between tax expense/(credit) and loss before tax

A reconciliation between tax expense/(credit) and the product of loss before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 are as follows:

	Group	
	2020	**2019**
	$'000	$'000
Loss before tax	(16,330)	(6,495)
Tax at the domestic rates applicable to losses in the countries where the Group operates	(2,797)	(1,118)
Adjustments:		
Non-deductible items	1,888	565
Income not subject to taxation	(675)	(68)
Effects of partial tax exemption	–	(8)
Over provision in respect of previous years	8	(42)
Deferred tax assets not recognised	1,594	498
Benefits from previously unrecognised tax losses	(10)	–
Total income tax expense/(credit)	8	(173)

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	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Group				
Deferred tax liabilities				
Differences in depreciation for tax purposes	190	486	(296)	91
Deferred rental expense	(11)	(152)	141	(74)
Provision for restoration cost	(159)	(13)	(146)	145
Others	(14)	(315)	301	(293)
	6	6	–	(131)
Fair value adjustment on acquisition of subsidiaries	–	–	–	(5)
	6	6	–	(136)

11. Income tax expense (cont'd)

Relationship between tax expense/(credit) and loss before tax (cont'd)

Unrecognised tax losses

As at 31 December 2020, the Group has tax losses of approximately $12,362,605 (2019: $2,969,000) 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	
	2020	**2019**
	$'000	$'000
Loss for the year attributable to owners of the Company	(16,338)	(6,322)
	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	Furniture and fittings	Kitchen and restaurant equipment	Motor vehicle	Office equipment	Renovation	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 1 January 2019	1,265	2,036	3,164	75	30	12,683	289	19,542
Additions	400	1,218	738	73	3	4,701	307	7,440
Reclassification	–	–	–	–	–	285	(285)	–
Written-off	(32)	(28)	(116)	–	–	(2,063)	–	(2,239)
Currency realignment	–	1	1	–	–	–	–	2
At 31 December 2019 and 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	1,733	3,263	3,628	148	32	16,238	6	25,048

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

Group	Computers	Furniture and fittings	Kitchen and restaurant equipment	Motor vehicle	Office equipment	Renovation	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation:								
At 1 January 2019	832	981	1,858	61	15	8,114	–	11,861
Charge for the year	291	427	518	14	4	1,748	–	3,002
Written-off	(30)	(28)	(115)	–	–	(2,063)	–	(2,236)
Impairment loss	–	–	–	–	–	540	–	540
At 31 December 2019 and 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	1,404	1,794	2,613	93	22	14,675	–	20,601
Net carrying amount:								
At 31 December 2020	329	1,469	1,015	55	10	1,563	6	4,447
At 31 December 2019	540	1,847	1,526	73	14	7,267	311	11,578

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

Company	**Computers**
	$'000
Cost:	
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Additions	5
At 31 December 2020	5
Accumulated depreciation:	
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Charge for the year	–*
At 31 December 2020	–*
Net carrying amount:	
At 31 December 2019	–
At 31 December 2020	5

* less than $1,000

Restoration costs

Included in the net carrying amount of renovation is restoration costs of $343,000 (2019: $660,000).

Impairment of assets

Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. In particular, management assesses impairment of property, plant and equipment by considering factors such as the maturity of the cash generating units 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 relating to cash generating units with indicators 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:

	2020	**2019**
	%	%
Assumptions:		
Food and beverages segment		
- Range of pre-tax discount rate	10.5% to 12.5%	13.0% to 16.0%
Hospitality segment		
- Pre-tax discount rate	10.7%	–

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

Impairment of assets (cont'd)

For the financial year ended 31 December 2020, the Group recognised an impairment loss on property, plant and equipment and right-of-use assets of $5,602,000 (2019: $540,000) and $6,396,000 (2019: $929,000) respectively, representing the write down of these plant and equipment to the recoverable amount. The impairment loss was recognised in "Other expenses" (Note 8) line item of profit and loss.

Assets written-off

Property, plant and equipment with net book value amounting to $679,000 (2019: $3,000) were written off mainly due to closure of restaurants. These amounts are included in "Administrative expenses".

Construction in progress

Construction in progress mainly comprises renovation costs for restaurant outlet (2019: co-living premise) which has not commenced operations.

14. Intangible assets

Group	Goodwill	Favourable agreement	Customer contracts	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 January 2019, 31 December 2019 and 1 January 2020	480	57	42	579
At 31 December 2020	480	57	42	579
Accumulated amortisation				
At 1 January 2019	–	–	–	–
Charge for the year	–	57	42	99
Impairment	468	–	–	468
At 31 December 2019 and 1 January 2020	468	57	42	567
Impairment	12	–	–	12
At 31 December 2020	480	57	42	579
Net carrying amount:				
At 31 December 2020	–	–	–	–
At 31 December 2019	12	–	–	12

Favourable agreement and customer contracts

Favourable agreement and customer contracts include intangible assets acquired through business combinations.

14. Intangible assets (cont'd)

Amortisation expense

The amortisation of intangible assets is included in the "Other expenses" in the line item of profit and loss.

Goodwill and impairment testing

The net carrying amounts of goodwill allocated to two cash-generating units ("CGUs") are as follows:

	TIPL $'000		**SOPL** $'000		**Total** $'000	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Goodwill	–	–	–	12	–	12

The Group performed its annual impairment testing in December 2019. The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the operating lease contract are as follows:

	TIPL **2019**
Pre-tax discount rate	13.84%
Growth rates used to extrapolate cash flows beyond the forecast period	2%

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for both the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved since the Group acquired the respective businesses.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment–specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rate used to extrapolate cash flows beyond the forecast period – The forecasted growth rate is based on published industry research and does not exceed the long-term average growth rate relevant to the CGUs.

During the financial year, an impairment loss of $12,000 (2019: $468,000), representing the write-down of the goodwill to the recoverable amount was recognised in "Other expenses" (Note 8) in the line item of profit and 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.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Note	Restaurant premises	Residential apartments and co-living hotels	Total
		$'000	$'000	$'000
Group				
At 1 January 2019		40,272	9,544	49,816
Additions		8,841	36,799	45,640
Impairment charge	8	(929)	–	(929)
Charge for the year	9	(14,980)	(8,866)	(23,846)
Currency realignment		(1)	2	1
At 31 December 2019		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

15. Right-of-use assets and lease liabilities (cont'd)

Group as a lessee (cont'd)

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

	Group	
	2020	**2019**
	$'000	$'000
At 1 January	74,371	50,039
Additions	11,338	45,493
Accretion of interest	4,579	4,590
Payments	(29,399)	(25,751)
Early termination of leases	(6,989)	–
At 31 December	53,900	74,371
Current	20,253	24,562
Non-current	33,647	49,809
At 31 December	53,900	74,371

During the financial year ended 31 December 2020, 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 $323,000 (2019: nil) was recorded within the "Other income" (Note 6) in the consolidated statements of comprehensive income.

The maturity analysis of lease liabilities are disclosed in Note 33.

The following are the amounts recognised in profit or loss:

	Note	Group	
		2020	**2019**
		$'000	$'000
Depreciation of right-of-use assets	9	25,465	23,846
Interest on finance lease liabilities	7	4,579	4,590
Lease expense not capitalised in lease liabilities:			
- Fixed rental expense on short term leases and low value assets	9	234	2,837
- Contingent rental expense on operating leases	9	554	1,002
Total amount recognised in profit or loss		30,832	32,275

The Group had total cash outflow for leases of $30,187,000 (2019: $29,590,000) in the financial year ended 31 December 2020.

15. Right-of-use assets and lease liabilities (cont'd)

Group as a lessee (cont'd)

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 35 (2019: 36) 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 2019, 31 December 2019,1 January 2020 and 31 December 2020	1,450
Accumulated depreciation	
At 1 January 2019	416
Depreciation charge	58
At 31 December 2019 and 1 January 2020	474
Depreciation charge	58
At 31 December 2020	532
Net book value	
At 31 December 2020	918
At 31 December 2019	976

	2020	**2019**
	$'000	$'000
Statement of comprehensive income:		
Rental income from investment property	49	60

The investment property has been pledged to a bank for facilities granted as disclosed in Note 27.

16. Investment property (cont'd)

The investment property held by the Group as at 31 December 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 2019 and 2020, 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	
	2020	**2019**
	$'000	$'000
Shares, at cost	1,165	1,165
Amount due from a subsidiary (non-trade)	4,896	4,896
	6,061	6,061

Composition of the Group

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2020	2019
	Held by the Company				
(1)	Katrina Holdings Pte. Ltd.	Singapore	Investment holding and restaurants operator	100	100
(1)	ST Hospitality Pte. Ltd. (formerly known as Straits Organization 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	Deregistered on 28 December 2020	–	100
(3)	Renn Thai Pte. Ltd.	Singapore	Deregistered on 28 December 2020	–	100

17. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
				2020	**2019**
	Held by Katrina Holdings Pte. Ltd. (cont'd)				
(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	Residential real estate management	100	100
(6)	SO Services Pte. Ltd.	Singapore	Domestic household cleaning	100	100
(7)	Straits Organization HK Limited	Hong Kong	Residential real estate management	100	100

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by CM CHIN & CO

(3) Bayang At The Quay Pte. Ltd. and Renn Thai Pte. Ltd. were deregistered on 28 December 2020.

(4) Audited by EVINCO Mulia Consulting

(5) Incorporated on 1 November 2019 with a share capital of $280,000.

(6) Incorporated on 3 October 2019 with a share capital of $8,000. Audited by CKS Assurance PAC for period from 3 October 2019 to 31 December 2020.

(7) Audited by Fastlane CPA Limited.

18. Investment in joint venture

The Group has 30% (2019: 30%) interest in the ownership and voting rights in a joint venture, So Pho International Limited ("SIPL") that is held through a subsidiary. 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 2020 was $112,000 (2019: $42,000). The Group has no obligation in respect of these losses.

19. Refundable deposits

	Group	
	2020	**2019**
	$'000	$'000
Current		
Refundable rental deposits	3,551	1,920
Utilities deposits	201	451
Other refundable deposits	90	327
	3,842	2,698
Non-current		
Refundable rental deposits	4,298	6,997
Utilities deposits	199	6
Other refundable deposits	112	21
	4,609	7,024
Total refundable deposits (current and non-current)	8,451	9,722

Included in the refundable rental deposits is an impact arising from net accretion to present value of $178,000 (2019: $120,000), recognised in "Finance costs" (Note 7) line item of profit and loss.

Other refundable deposits

Other refundable deposits of the Group mainly comprise design and fittings deposits placed with landlords.

20. Inventories

	Group	
	2020	**2019**
	$'000	$'000
Consolidated statement of financial position:		
Raw materials (at cost)	164	176
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in profit or loss	8,740	14,245

21. Trade receivables

	Group	
	2020	**2019**
	$'000	$'000
Trade receivables	1,245	2,003

Trade receivables – food and beverages sector

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 – hospitality sector

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are impaired

The Group has no trade receivables that are individually impaired at the end of the reporting periods.

Expected credit losses ("ECL")

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

	Group	
	2020	**2019**
	$'000	$'000
Movement in allowance accounts		
At 1 January	69	–
(Reversal)/charge for the year	(3)	69
At 31 December	66	69

22. Other receivables

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Grants receivables		1,081	60	47	–
Other debtors		1,413	746	–	12
Total other receivables		2,494	806	47	12
Add:					
- Trade receivables	21	1,245	2,003	–	–
- Refundable deposits (current and non-current)	19	8,451	9,722	–	–
- Amount due from a joint venture		103	103	–	–
- Amounts due from subsidiaries		–	–	4,135	3,138
- Cash and cash equivalents	23	10,638	5,714	184	128
Total financial assets carried at amortised cost		22,931	18,348	4,366	3,278

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 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Cash at banks and on hand	10,638	5,714	184	128

Cash at banks earn interest at floating rates based on daily bank deposits rates.

24. Trade and other payables

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Current					
Trade payables		3,104	1,871	–	–
Other payables:					
CPF and salaries payables		1,533	2,116	199	230
GST payable		497	462	40	36
Security deposits from tenants		706	1,768	–	–
Amount due to a director		500	–	–	–
Other creditors		3,982	1,202	52	23
		10,322	7,419	291	289
Non-current					
Security deposits from tenants		180	190	–	–
Total trade and other payables (current and non-current)		10,502	7,609	291	289
Add/(less):					
- Other liabilities		1,707	1,520	230	244
- Lease liabilities (current and non-current)	15	53,900	74,371	–	–
- Loans and borrowings (current and non-current)		11,793	8,621	–	–
- GST payable		(497)	(462)	(40)	(36)
Total financial liabilities carried at amortised cost		77,405	91,659	481	497

Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 60 days terms.

25. Other liabilities

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Accrued operating expenses	1,184	806	49	36
Accrued payroll expenses	523	714	181	208
Accrued unconsumed leave	263	309	13	9
Deferred grant Income	905	–	53	–
	2,875	1,829	296	253

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	
	2020	**2019**
	$'000	$'000
At 1 January	1,448	1,367
Additions	–	321
Written-off	(47)	(33)
Utilisation	(112)	(130)
Discount rate adjustment	77	(77)
At 31 December	1,366	1,448
Current	598	376
Non-current	768	1,072
At 31 December	1,366	1,448

27. Loans and borrowings

		Group	
	Maturity	**2020**	**2019**
		$'000	$'000
SGD Bank Loans			
- SGD loan at SIBOR + 2.0% p.a.	2023 (Note i)	642	851
- SGD loans at SIBOR + 2.5% p.a.	2023 (Note ii)	4,151	5,770
- SGD loans at SIBOR +3.5% p.a.	Revolving (Note iii)	1,000	2,000
- SGD loan at COF + 2.0% p.a.	Revolving (Note iv)	1,000	–
- SGD loan at 2.75% p.a.	2025 (Note v)	5,000	–
		11,793	8,621
Current portion		4,574	3,807
Non-current portion		7,219	4,814
		11,793	8,621

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 2.5% 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 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.

The Group's subsidiaries SGD bank loans are subjected to covenant clauses, whereby the Group's subsidiaries are required to meet certain key financial ratios. 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 2020, 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:

		Cash flows		Non-cash changes	
	2019	Inflow	Outflow	Accretion of interest	2020
	$'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

		Cash flows		Non-cash changes	
	2018	Inflow	Outflow	Accretion of interest	2019
	$'000	$'000	$'000	$'000	$'000
Group					
SGD bank loans:					
- Current	–	4,586	(972)	193	3,807
- Non-current	–	4,814	–	–	4,814
	–	9,400	(972)	193	8,621

28. Share capital

	Group and Company			
	2020		2019	
	No. of shares		No. of shares	
	'000	$'000	'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	
	2020	**2019**
	$'000	$'000
Licence fee from a joint venture of a subsidiary	10	10
Remuneration of an employee related to directors of the Group	434	163

(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	
	2020	**2019**
	$'000	$'000
Directors' fees	121	121
Salaries, bonuses and other costs	974	1,052
Central Provident Fund and other pension costs	37	38
Other short-term benefits	87	52
	1,219	1,263
Comprise amounts paid to:		
Directors of the Company	789	1,097
Other key management personnel	430	166
	1,219	1,263

31. Commitments

(a) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	Group	
	2020	**2019**
	$'000	$'000
Capital commitments in respect of property, plant and equipment	–	1,005

(b) ***Operating lease commitments – as lessor***

The Group has entered into commercial property leases on its investment property and certain co-living hotels. 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	
	2020	**2019**
	$'000	$'000
Not later than one year	1,686	2,173
Later than one year but not later than five years	1,390	1,815
More than five years	–	128
	3,076	4,116

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.

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

(a) ***Fair value hierarchy (cont'd)***

The carrying amount of the Group's financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature, or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

(b) ***Assets not measured at fair value, for which fair value is disclosed***

The following table shows an analysis of the Group's assets not measured at fair value at 31 December 2020 but for which fair value is disclosed:

	Note	Significant unobservable inputs (Level 3)	
		2020	**2019**
		$'000	$'000
Group			
Asset			
Investment property	16	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.

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

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- 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.

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

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

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. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix. Information regarding loss allowance movement of trade receivables is disclosed in Note 21.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Group has no significant concentration of credit risk.

(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.

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

(b) ***Liquidity risk (cont'd)***

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	One to five years	After five years	Total
	$'000	$'000	$'000	$'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 cash equivalents	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)

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

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less $'000	One to five years $'000	After five years $'000	Total $'000
Group				
2019				
Financial assets:				
Trade receivables	2,003	–	–	2,003
Other receivables	806	–	–	806
Refundable deposits	2,698	6,138	1,006	9,842
Amount due from a joint venture	103	–	–	103
Cash and cash equivalents	5,714	–	–	5,714
Total undiscounted financial assets	11,324	6,138	1,006	18,468
Financial liabilities:				
Trade and other payables	5,189	96	105	5,390
Other liabilities	1,520	–	–	1,520
Lease liabilities	28,760	46,389	10,636	85,785
Loans and borrowings	4,061	5,072	–	9,133
Total undiscounted financial liabilities	39,530	51,557	10,741	101,828
Total net undiscounted financial liabilities	(28,206)	(45,419)	(9,735)	(83,360)

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		
2020		
- Singapore dollar	+100	4
- Singapore dollar	-100	(4)
2019		
- Singapore dollar	+100	2
- Singapore dollar	-100	(2)

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 2020 and 2019.

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	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue:						
External customers	15,598	15,441	41,821	68,915	57,419	84,356
Inter-segment	–	–	–	–	–	–
	15,598	15,441	41,821	68,915	57,419	84,356
Results:						
Interest on loans and borrowings	(78)	(197)	(298)	(15)	(376)	(212)
Expected credit losses on trade receivables	3	(69)	–	–	3	(69)
Income tax (expense)/credit	–	–	(8)	173	(8)	173
Depreciation of property, plant and equipment	(922)	(135)	(2,481)	(2,867)	(3,403)	(3,002)
Depreciation of right-of-use assets	(10,924)	(14,980)	(14,541)	(8,866)	(25,465)	(23,846)
Depreciation of investment property	–	–	(58)	(58)	(58)	(58)
Amortisation of intangible assets	–	(42)	–	(57)	–	(99)
Impairment loss on goodwill	(12)	–	–	(468)	(12)	(468)
Impairment loss on right-of-use assets	(3,408)	–	(2,988)	(929)	(6,396)	(929)
Impairment loss on property, plant and equipment	(4,799)	–	(803)	(540)	(5,602)	(540)
Gain on early termination of leases	320	–	3	–	323	–
Interest income	–	–	1	9	1	9
Write-off of property, plant and equipment	(21)	–	(658)	(3)	(679)	(3)
Provision for restoration cost written-back	–	–	47	33	47	33
Segment net loss	(11,037)	(2,334)	(5,301)	(3,988)	(16,338)	(6,322)
Segment assets	28,236	48,620	44,048	53,975	72,284	102,595
Segment liabilities	(33,408)	(45,515)	(47,530)	(49,386)	(80,938)	(94,901)

35. Segment information (cont'd)

Geographical information

	Revenue		Non-current assets	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Singapore	56,716	83,349	47,333	80,671
Hong Kong	509	435	86	610
Indonesia	194	572	1,480	1,967
	57,419	84,356	48,899	83,248

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. Authorisation of financial statements for issue

The financial statements of the Group for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 15 April 2021.

SHAREHOLDINGS STATISTICS

As at 30 March 2021

Issued and Fully Paid-Up Capital	:	$8,683,006
No. of Ordinary Shares	:	231,521,008
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	8.41	23,000	0.01
1,001 - 10,000	133	28.66	928,800	0.40
10,001 - 1,000,000	287	61.85	19,314,300	8.34
1,000,001 AND ABOVE	5	1.08	211,254,908	91.25
TOTAL	**464**	**100.00**	**231,521,008**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	205,382,408	88.71
2	DBS NOMINEES (PRIVATE) LIMITED	2,243,600	0.97
3	SOH KIAN THIAM	1,355,500	0.59
4	SASIKUMARAN PILLAI S/O MANMATHAN PILLAI	1,214,000	0.52
5	OCBC SECURITIES PRIVATE LIMITED	1,059,400	0.46
6	TAN KAY TOH	984,000	0.43
7	JAMES ALVIN LOW YIEW HOCK	895,900	0.39
8	JASON LIM ZHI QIAN (JASON LIN ZHIQIAN)	778,700	0.34
9	RAFFLES NOMINEES (PTE.) LIMITED	459,900	0.20
10	LIM BOON KER	400,000	0.17
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	384,700	0.17
12	PHILLIP SECURITIES PTE LTD	344,600	0.15
13	HU WENYUAN	328,000	0.14
14	GOH SHEN SHU DONOVAN	327,200	0.14
15	ANG CHAI CHENG	280,000	0.12
16	TOH SOCK KUAN	280,000	0.12
17	CITIBANK NOMINEES SINGAPORE PTE LTD	279,000	0.12
18	UOB KAY HIAN PRIVATE LIMITED	274,100	0.12
19	ANG AH BENG	250,000	0.11
20	KHOO POH CHOO	242,500	0.10
	TOTAL	**217,763,508**	**94.07**

SUBSTANTIAL SHAREHOLDERS

As at 30 March 2021

	Direct Interest		Deemed Interest	
Substantial Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Alan Goh Keng Chian	–	–	205,382,408[1]	88.71
Madaline Catherine Tan Kim Wah	–	–	205,382,408[2]	88.71

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 107,521,904 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 2021, approximately 11.15% 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 IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by way of electronic means on Friday, 30 April 2021 at 11.00 a.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 2020 together with the Independent Auditors' Report thereon. **Resolution 1**

2. To re-elect the following Directors of the Company retiring pursuant to the Company's Constitution:

   (a) Ms Madaline Catherine Tan Kim Wah (Regulation 117); and **Resolution 2**
   (b) Mr Tan Juay Hiang (Regulation 122). **Resolution 3**

   [See Explanatory Note (i)]

3. To approve the payment of Directors' fees of $120,835 for the financial year ended 31 December 2020 (FY2019: $121,000). **Resolution 4**

4. 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 5**

5. 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 Resolution, with or without any amendments:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 ("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 6**

   That pursuant to Section of 161 of the Companies Act and Rule 806 of Catalist Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company:

   (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 percent 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 percent 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 the 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 Listing Manual of the 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 the 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 (ii)]

By Order of the Board

Lim Li Ling
Wee Woon Hong
Company Secretaries

Date: 15 April 2021

Explanatory Notes:

(i) Ms Madaline Catherine Tan Kim Wah will, upon re-election as a Director of the Company, remain as an Executive Director. Please refer to Table C of the Corporate Governance Report on pages 67 to 72 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of SGX-ST.

Mr Tan Juay Hiang will, upon re-election as a Director of the Company, remain as an Independent Director of the Board, Chairman of Nominating Committee and member of Audit and Remuneration 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 67 to 72 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of SGX-ST.

(ii) The Ordinary Resolution 6 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.

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 to 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, 30 April 2021 at 11.00 a.m.. The Live AGM Webcast will take place at 180B Bencoolen Street #11-01 to 05 Singapore 189648. **Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, and the Company will not accept any physical attendance by Shareholders. Any Shareholder seeking to attend the AGM physically in person will be turned away.**

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://septusasia.com/katrinagroupfy2020agm (the "**Registration Link**") from 9.00 a.m. on 16 April 2021 and by 11.00 a.m. on 27 April 2021 (the "**Registration Deadline**") to enable the Company to verify their status.

2. Following verification, authenticated Shareholders will receive an email by 11.00 a.m. on 29 April 2021 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 11.00 a.m. on 29 April 2021 may contact the Company by email at 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 to 05 Singapore 189648; or (b) email to info@katrinagroup.com, **by no later than 11.00 a.m. on 27 April 2021, 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 11.00 a.m. on 21 April 2021) 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 the Registration Deadline.

2. The Company will endeavour to address the substantial and relevant questions at or before the AGM. 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 within one month after the date of the AGM.

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.

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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 11.00 a.m. on 21 April 2021, 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, 30 April 2021 at 11.00 a.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.

All resolutions put to the vote at the AGM shall be decided by way of poll.

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 2020 together with the Independent Auditors' Report thereon			
2.	Re-election of Ms Madaline Catherine Tan Kim Wah as a Director			
3.	Re-election of Mr Tan Juay Hiang as a Director			
4.	Approval of payment of Directors' Fees of $120,835 for the financial year ended 31 December 2020			
5.	Re-appointment of Messrs Ernst & Young LLP as the Auditors and authorise the Directors to fix their remuneration			
	SPECIAL BUSINESS			
6.	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore			

(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 ______________ 2021

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

____
Signature of Shareholder(s)
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 to 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 (i.e. by 11.00 a.m. on 27 April 2021).

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 11.00 a.m. on 21 April 2021) 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, Chapter 50 of Singapore.

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 15 April 2021.

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

LIM LI LING

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
www.katrinagroup.com

COMPANY REGISTRATION NO.

201608344N

SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
(formerly known as RHT Corporate Advisory 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: 1 year

BANKERS

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

KATRINA GROUP LTD.

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

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