

Katrina GROUP LTD.

Incorporated in the Republic of Singapore
Registration No. 201608344N

This announcement has been prepared by Katrina Group Ltd. (the “**Company**”) and its contents have been reviewed by the Company’s Sponsor, Hong Leong Finance Limited (the “**Sponsor**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Listing Manual Section B: Rules of Catalist.

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

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2020

PART 1 - INFORMATION REQUIRED FOR THE HALF-YEAR RESULTS ANNOUNCEMENTS

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

Statement of Comprehensive Income

	Group		
	1H ¹ 2020	1H2019	Increase/ (Decrease)
	(Unaudited) \$'000	(Unaudited) \$'000	%
Revenue	25,588	40,336	(36.6)%
Cost of sales	(30,394)	(36,685)	(17.1)%
Gross (loss) / profit	(4,806)	3,651	N.M.²
Other income	6,064	1,376	340.7%
Selling and distribution costs	(170)	(821)	(79.3)%
Administrative expenses	(4,143)	(3,337)	24.2%
Finance costs	(2,566)	(2,950)	(13.0)%
(Loss) before tax	(5,621)	(2,081)	170.1%
Income tax expense	(8)	-	
Net (loss) for the period	(5,629)	(2,081)	170.5%
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(12)	18	N.M.
Total comprehensive income for the period attributable to the owners of the Company	(5,641)	(2,063)	173.4%

Note:

1 "1H" denotes financial period from 1 January to 30 June

2 "N.M." denotes not meaningful

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

	Group		
	1H2020	1H2019	Increase/ (Decrease)
	(Unaudited) \$'000	(Unaudited) \$'000	%
Employee benefits	(9,736)	(13,508)	(27.9)%
Government grants	3,128	253	N.M.
Rental rebate	2,751	-	100.0%
Depreciation of property, plant and equipment	(1,747)	(1,338)	30.6%
Depreciation of investment property	(29)	(29)	N.M.
Depreciation of right-of-use assets	(13,307)	(9,916)	34.2%
Fixed rental expense on operating leases	(601)	(1,958)	(69.3)%
Contingent rental expense on operating leases	(190)	(504)	(62.3)%
Write-off of property, plant and equipment	(310)	(1)	N.M.
Lease interest	(2,413)	(2,741)	(12.0)%
Bank loan interest	(153)	(55)	178.2%

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

Statements of Financial Position

	Group		Company	
	As at		As at	
	30-Jun-20 (Unaudited) S\$'000	31-Dec-19 (Audited) S\$'000	30-Jun-20 (Unaudited) S\$'000	31-Dec-19 (Audited) S\$'000
Assets				
Non-current assets				
Property, plant and equipment	11,725	11,578	-	-
Right-of-use assets	62,605	70,682	-	-
Intangible assets	12	12	-	-
Investment property	947	976	-	-
Investment in subsidiaries	-	-	6,061	6,061
Investment in joint venture	-	-	-	-
Refundable deposits	4,520	7,024	-	-
Deferred taxation	2	-	-	-
Total non-current assets	79,811	90,272	6,061	6,061
Current assets				
Inventories	135	176	-	-
Trade receivables	1,343	2,003	-	-
Other receivables	781	806	-	12
Refundable deposits	4,921	2,698	-	-
Prepayments	569	806	5	5
Amount due from a joint venture	103	103	-	-
Amount due from subsidiaries	-	-	3,643	3,138
Tax recoverable	-	17	-	-
Cash and cash equivalents	7,602	5,714	98	128
Total current assets	15,454	12,323	3,746	3,283
Total assets	95,265	102,595	9,807	9,344
Equity and liabilities				
Current liabilities				
Trade and other payables	8,572	5,651	425	289
Other liabilities	1,747	3,597	40	253
Lease liabilities	22,555	24,562	-	-
Provision	567	376	-	-
Contract liabilities	15	934	-	-
Loan and borrowings	4,830	3,807	-	-
Provision for taxation	-	17	-	-
Total current liabilities	38,286	38,944	465	542
Net current liabilities	(22,832)	(26,621)	3,281	2,741

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	Group		Company	
	As at		As at	
	30-Jun-20 (Unaudited) S\$'000	31-Dec-19 (Audited) S\$'000	30-Jun-20 (Unaudited) S\$'000	31-Dec-19 (Audited) S\$'000
Non-current liabilities				
Contract liabilities	447	66	-	-
Other payables	185	190	-	-
Lease liabilities	44,565	49,809	-	-
Provision	845	1,072	-	-
Deferred tax liabilities	8	6	-	-
Loan and borrowings	8,888	4,814	-	-
Total non-current liabilities	54,938	55,957	-	-
Total liabilities	93,224	94,901	465	542
Net assets	2,041	7,694	9,342	8,802
Equity attributable to the owners of the Company				
Share capital	8,192	8,192	8,192	8,192
Other reserves	20	32	-	-
Retained earnings	(6,171)	(530)	1,150	610
Total equity	2,041	7,694	9,342	8,802
Total equity and liabilities	95,265	102,595	9,807	9,344

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

Aggregate amount of group's borrowings and debt securities

	As at 30-Jun-20 (Unaudited) \$'000		As at 31-Dec-19 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
	Amount repayable in one year or less, or on demand	4,830	-	3,807
Amount repayable after one year	8,888	-	4,814	-
	13,718	-	8,621	-

Details of any collateral:

- 1) The Group borrowing of \$1.17 million repayable in one year or less, or on demand, and \$2.20 million repayable after one year are both secured by continuing guarantees by the Company, mortgage of the investment property and assignment of rental proceeds relating to the investment property. The investment property is located at 1 Sims Lane #05-05 Singapore 387355.
- 2) The remaining bank borrowings of \$3.66 million repayable in one year or less, or on demand, and \$6.69 million repayable after one year are secured by continuing guarantees by the Company.

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

Consolidated Statements of Cash Flows

	Group	
	1H2020	1H2019
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Operating activities:		
Loss before tax	(5,621)	(2,081)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,747	1,338
Depreciation of investment property	29	29
Depreciation of right-of-use assets	13,307	9,916
Write-off of property, plant and equipment	310	1
Write-off of right-of-use assets	102	-
Finance cost	153	209
Interest on finance lease liabilities	2,413	2,741
Interest income	(1)	(5)
Expected credit losses on trade receivables	-	18
Currency realignment	(9)	-
Total adjustments	18,051	14,247
Operating cash flows before changes in working capital	12,430	12,166
<u>Changes in working capital:</u>		
Decrease in Inventories	41	46
Decrease/(increase) in trade and other receivables	685	(1,550)
Decrease/(increase) in refundable deposits	281	(2,184)
Decrease/(increase) in prepayment	237	(333)
Increase/(decrease) in trade and other payables	2,615	(885)
(Decrease) in other liabilities	(1,850)	(81)
Increase/(decrease) in amount due to a director	300	(98)
(Decrease)/increase in contract liabilities	(538)	366
Total changes in working capital	1,771	(4,719)
Cash flows from operations	14,201	7,447
Income tax paid	(8)	(124)
Interest paid	-	(9)
Interest received	1	5
Net cash flows generated from operating activities	14,194	7,319
Investing activities:		
Purchase of property, plant and equipment	(2,204)	(2,020)
Cash paid for restoration cost	(36)	(33)
Net cash flows used in investing activities	(2,240)	(2,053)

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	Group	
	1H2020	1H2019
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Financing activity:		
Proceeds from loan and borrowings	6,000	5,805
Repayments of loans and borrowings	(903)	(292)
Interest paid	(153)	-
Lease payments	(15,010)	(11,161)
Net cash flows used in financing activities	(10,066)	(5,648)
Net increase / (decrease) in cash and cash equivalents	1,888	(382)
Cash and cash equivalents at 1 January	5,714	6,538
Cash and cash equivalents at 30 June	7,602	6,156

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

Statements of Changes in Equity

Group	Attributable to owners of the Company				
	Share capital S\$'000	Statutory reserve fund S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
(Unaudited) Balance at 1 January 2019	8,192	-	(1)	5,792	13,983
Loss for the period	-	-	-	(2,081)	(2,081)
Other comprehensive income:					
Foreign currency translation	-	-	18	-	18
Total comprehensive income for the period	-	-	18	(2,081)	(2,063)
Balance at 30 June 2019	8,192	-	17	3,711	11,920

Group	Attributable to owners of the Company				
	Share capital S\$'000	Statutory reserve fund S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
(Unaudited) Balance at 1 January 2020	8,192	-	32	(530)	7,694
Loss for the period	-	-	-	(5,641)	(5,641)
Other comprehensive income:					
Foreign currency translation	-	-	(12)	-	(12)
Total comprehensive income for the period	-	-	(12)	(5,641)	(5,653)
Balance at 30 June 2020	8,192	-	20	(6,171)	2,041

Company	Attributable to owners of the Company		
	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 January 2019	8,192	248	8,440
Profit for the year, representing total comprehensive income for the year	-	218	218
Balance at 30 June 2019	8,192	466	8,658
Balance at 1 January 2020	8,192	610	8,802
Profit for the year, representing total comprehensive income for the year	-	540	540
Balance at 30 June 2020	8,192	1,150	9,342

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

There has been no change in the Company's share capital for the six-month period ended 30 June 2020. There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 June 2020 and 30 June 2019.

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

The Company's issued share capital as at 30 June 2020 and 31 December 2019 comprised 231,521,008 ordinary shares.

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

Not applicable as the Company did not hold any treasury shares as at 30 June 2020 and 31 December 2019.

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

Not applicable as the Company did not hold any subsidiary holdings as at 30 June 2020 and 31 December 2019.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation which are consistent with those used in the most recent audited financial statements for the financial year ended 31 December 2019, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which became effective for financial years beginning on or after 1 January 2020.

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

There was no change in the accounting policies and methods of computation for the current financial period reported on, except the amendments to SFRS(I) 16 on COVID-19 related rent concessions where rental rebates were recognised directly in P&L as other income, refer to 1(a)(ii) Notes to the statement of comprehensive income on page 3.

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

Earnings per share ("EPS")	Group	
	1H2020 (Unaudited)	1H2019 (Unaudited)
Loss attributable to owners of the Company (\$'000)	(5,641)	(2,081)
Actual / Weighted average number of ordinary shares	231,521,008	231,521,008
Basic and diluted EPS (cents) ⁽¹⁾	(2.44)	(0.90)

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

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:**
- (a) **current financial period reported on; and**
 - (b) **immediately preceding financial year.**

Net asset value (“NAV”) per ordinary share

	Group As at		Company As at	
	30-Jun-20 (Unaudited)	31-Dec-19 (Audited)	30-Jun-20 (Unaudited)	31-Dec-19 (Audited)
NAV (\$'000)	2,041	7,694	9,342	8,802
Number of ordinary shares	231,521,008	231,521,008	231,521,008	231,521,008
NAV per ordinary share (cents)	0.88	3.32	4.04	3.80

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

REVIEW OF FINANCIAL PERFORMANCE

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

- i. “Food and Beverage (“**F&B**”) business” – specialises in multi-cuisine concepts and restaurant operations. The Group owns and operates 41 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.
- ii. “Hospitality business” – offers fully furnished serviced residences under the brand of ST Residences and affordable luxurious co-living hotel under ST Signature.

Revenue

The Group registered \$25.6 million in revenue for half-year ended 30 Jun 2020 (“**1H2020**”) as compared to \$40.3 million for half year ended 30 June 2019 (“**1H2019**”). The decrease was approximately \$14.8 million or 36.6% mainly attributed to the impact from the COVID-19 pandemic.

F&B business revenue decreased by \$18.1 million or 52.3% from \$34.7 million in 1H2019 to \$25.6 million in 1H2020. The decrease was due to lower sales generated from restaurants. F&B business is operating in a challenging environment with intense competition, inflationary pressures, tight labour supply, rising business costs and uncertain economic outlook even before the onset of the COVID-19 pandemic. Restaurants' revenue was further impacted by the border controls introduced by the government since late January which reduced the travelers coming into Singapore. Other stricter safe distancing measures that were implemented in early March also caused a significant decrease in footfall at malls, where the Group's restaurants were located.

Hospitality business revenue increased by \$3.3 million or 60.0% from \$5.7 million in 1H2019 to \$9.0 million in 1H2020. The increase was due to the contribution from co-living hotels by ST Signature which started its first co-living operation in July 2019.

Cost of sales

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

The Group's cost of sales decreased by \$6.3 million or 17.1% from \$36.7 million in 1H2019 to \$30.4 million in 1H2020.

F&B business cost of sales reduced by \$9.1 million or 28.7% in 1H2020 mainly due to a corresponding decrease in revenue.

Hospitality business cost of sales increased by \$2.8 million or 56.4% as ST Signature gradually started its co-living hotels operation since July 2019, which resulted in the increase in rental expenses of premises, depreciation of property, plant and equipment, depreciation of right of-use assets, utilities, and online travel agency service fees.

Gross loss

Gross loss of \$4.8 million in 1H2020 was reported as compared to gross profit of \$3.6 million in 1H2019. F&B business reported a gross loss of \$6.1 million while the Hospitality business contributed \$1.3 million in gross profit.

Other income

The increase of \$4.7 million or 340.7% in other income from \$1.4 million in 1H2019 to \$6.1 million in 1H2020 was mainly due to the government grants, which include Jobs Support Scheme and levy rebate, during the COVID-19 period, as well as the rental rebates and property tax rebates passed on by landlords.

Selling and distribution costs

The selling and distribution costs decreased by \$0.6 million or 79.3% from \$0.8 million in 1H2019 to \$0.2 million in 1H2020 in line with poor business performance arising from Covid-19 pandemic.

Administrative expenses

Administrative expenses increased by \$0.8 million or 24.1% from \$3.3 million in 1H2019 to \$4.1 million in 1H2020 was mainly due to write-off of property, plant and equipment in F&B business arising from pre-termination of an outlet and in hospitality business arising from non-renewing and returning of apartments; increased in payroll related expenses, professional fees, and telecommunication expenses while ST Signature gradually started its co-living hotels operation in Hospitality business.

Finance costs

Finance costs decreased by \$0.4 million or 13.0% from \$3.0 million to \$2.6 million. The decrease was mainly due to decrease of \$2.5 million lease liabilities from adoption of SFRS(I)16 for leases and interest expense of \$0.2 million from bank borrowings.

Income tax expenses

Income tax expenses of \$0.01 million was an additional tax assessment of a subsidiary in F&B business.

(Loss) before tax

Loss before tax of \$5.6 million arose mainly due to the above-mentioned factors.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets decreased by \$10.5 million from \$90.3 million as at 31 December 2019 to \$79.8 million as at 30 June 2020, mainly due to decrease of \$8.1 million of right-of-use assets from \$70.7 million to \$62.6 million, and reclassification of \$2.5 million refundable deposits from \$7.0 million to \$4.5 million.

Current assets

The Group's current assets increased by \$3.1 million from \$12.3 million as at 31 December 2019 to \$15.5 million as at 30 June 2020, mainly due to the reclassification of \$2.2 million refundable deposits from \$2.7 million to \$4.9 million, and increase in cash and cash equivalents of \$1.9 million from \$5.7 million to \$7.6 million, partially offset by the decrease in

trade receivables of \$0.7 million from \$2.0 million to \$1.3 million as well as prepayments of \$0.2 million from \$0.8 million to 0.6 million.

Current liabilities

The Group's current liabilities decreased by \$0.7 million from \$38.9 million as at 31 December 2019 to \$38.3 million as at 30 June 2020. This was mainly due to increase in Trade and other payables of \$2.9 million in relation to capital expenditures arose from Hospitality business, provision for restoration costs of \$0.2 million, and short-term bank borrowing of \$1 million to support the operating activities in F&B business, partially offset by the decreased in other liabilities of \$1.9 million arising from reversal of \$0.9 million accrued expenses and reclassification of \$1.0 million other liabilities to other payable, extinguishment of contract liabilities of \$0.9 million and decreased in lease liabilities of \$2.0 million arising from the repayment of lease contracts.

Non-current liabilities

The Group's non-current liabilities decreased by \$1.0 million from \$55.9 million as at 31 December 2019 to \$54.9 million as at 30 June 2020. This was mainly due to the decrease of lease liabilities of \$5.2 million arising from the repayment of lease contracts and decrease of \$0.2 million in provision for restoration costs arising from reclassification of provision to current liabilities, which offset the net increased in bank borrowings of \$4.0 million and recognition of \$0.4 contract liabilities.

Negative working capital

As at 30 June 2020, the Group was in a negative working capital position of \$22.8 million as compared with negative working capital position of \$26.6 million as at 31 December 2019. This was mainly due to the decreased in current portion of lease liabilities of \$2.0 million arising from the pre-termination of an outlet in F&B business, as well as non-renewing and returning of apartments in hospitality business, and the drawdown of revolving short-term facilities of \$1 million to support the operating activities in F&B business.

Shareholders' equity

The decrease in Group's shareholders' equity of \$5.7 million as at 30 June 2020 from \$7.7 million to \$2.0 million as at 31 December 2019 was mainly resulted from the loss incurred during the period.

REVIEW OF CASH FLOWS

The Group generated net cash of \$12.4 million from operating activities after making non-cash adjustment and before changes in working capital. Net cash generated from working capital amounted to \$1.8 million mainly due to decrease in trade and other receivables of \$0.7 million, increase in trade and other payable of \$2.6 million, and decrease in other liabilities of

\$1.9 million. As a result, the net cash flows from operating activities was \$14.2 million after income tax payments of \$0.01 million.

Net cash used in investing activities amounted to \$2.2 million due to purchase of property, plant and equipment for Hospitality business and payment of restoration cost for outlet closed.

Net cash used in financing activities of \$10.1 million was mainly due to the lease payments.

As a result of the above, the cash and cash equivalents for the period increased by \$1.9 million.

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

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

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

The Group had temporarily closed the operations of 31 F&B outlets during the Circuit Breaker which are largely patronized by professionals, managers, executives and technicians (PMETs), and tourists to reduce the operating costs. These outlets are in the malls near the business district areas and tourist hotspots and the footfalls are low during this challenging period.

Following the end of Circuit Breaker and the announcement by the Government that dining is allowed in restaurants subject to adherence to social distancing between tables with effect from 19 June 2020, the Group has resumed full operations of all the outlets except for the 3 outlets which located in the business district areas and tourist hotspots. Nevertheless, to mitigate the impact on the Group's F&B business, we continue to partner with delivery platforms and launch delivery services to boost online sales.

Regarding the Group's hospitality business, the COVID-19 pandemic has hit the Singapore hospitality sector hard. However, the impact was buffered by the government's quick response. The Group's hospitality business was expecting a drop in its occupancy rate, but the initial participation to serve as quarantine quarters for those 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 prolonged due to the Circuit Breaker, has mitigated the impact on its occupancy rates, narrowing the Group's hospitality loss. The occupancy rates were in the range of 60% to 80% during this period.

In respect of ST Residences, the Group's hospitality business is going through a consolidating exercise to review and reduce our commitments from the properties so as to increase the occupancy rates. We believe when the macro environment picks up, we will be able to regain the scale and market share based upon the positive relationships with our landlords and customers.

Given that the COVID-19 is creating an unprecedented challenge, the Group is and will be operating in a challenging environment with intense competition in the next 12 months. The prolonging effects of the pandemic are likely to continue to post further uncertainties. The financial supports extended by the Singapore Government, in particular the job support scheme, foreign worker levy rebate, property tax rebate, and the rent reliefs have mitigated the impact of decline in the Group's revenue in the short term. Cash flow and liquidity requirement have become the Group's overall COVID-19 risk assessment and focus in the near term. We have reassessed payment priorities, defer capital expenditures, implement cost reduction plans, such as compulsory no-pay leave and pay cut, manage receivables and consider alternative revenue streams. We are also working with the banks to reschedule the loans for better terms to improve working capital in this challenging period.

As protecting employees are our top priority for the Group amid COVID-19 pandemic, we have implemented MOM's guidelines of safe distancing measures and have offered workplace flexibilities to our office staff, where possible. As for the outlet staffs, we have staggered their working hours and have implemented protection measures for employees working at the outlets.

Further, to cope with the pandemic, the Group has consolidated and centralised marketing team to support both F&B business and hospitality business. This will accelerate the digital marketing efforts on social media management and online marketing channels to create awareness. The Group plans to start customer relationship management technology to enable F&B and hospitality businesses move into the next phase to offer a better customer experience for our customers. The Group will continue to review and manage the concerning and disruptive challenges from COVID-19 and to formulate plans and strategies to mitigate the financial impact to the Group for the financial year ending 31 December 2020.

11. If a decision regarding dividend has been made:

a) Whether an interim (final) dividend has been declared (recommended); and

Nil for FY2020.

b)(i) Amount per share in cents

Not applicable.

b)(ii) Previous corresponding period in cents

Not applicable.

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

Not applicable.

- d) **The date the dividend is payable**

Not applicable.

- e) **The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect.**

There is no dividend declared or recommended in HY2020 as the Group is loss-making for the period.

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

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

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

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

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

	As at 30-Jun-2020 (S\$'000)
Aggregate indemnity in connection with the security bonds	<u>250</u>

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

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of Section B of the SGX-ST Listing Manual.

15. Negative Confirmation Pursuant to Rule 705(5)

We, Alan Goh Keng Chian and Madaline Catherine Tan Kim Wah, being two Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company (“the **Board**”) that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board

Alan Goh Keng Chian
Executive Chairman and CEO

Madaline Catherine Tan Kim Wah
Executive Director

13 August 2020