Katrina
GROUP LTD.

BALI THAI
streats
HONGUO
SO PHỞ
INDOBOX
RENNthai
Bayang
MUCHOS
Hutong

ANNUAL REPORT
2016

AN **ESTABLISHED** AND **RECOGNISED F&B GROUP** WITH **MULTI-CUISINE CONCEPTS**

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor Hong Leong Finance Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this annual report.

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

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, who can be contacted at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone: +65 6415 9886.

CORPORATE **PROFILE**

With an established history since 1995, Katrina Group Ltd. ("Katrina Group" or the "Group") is a Food & Beverage group that specialises in multi-cuisine concepts and restaurant operations. The Group owns and operates 33 restaurants in Singapore and two restaurants in the People's Republic of China (the "PRC") under nine different proprietary F&B brands, namely, Bali Thai, Streats, Honguo, So Pho, Indobox, Muchos, RENNthai, Bayang and Hutong. These brands serve a multitude of cuisines, namely Indonesian, Thai, Hong Kong, Yunnan, northern Chinese, Mexican and Vietnamese.

Katrina Group prides itself on the identification of consumer trends and creating concepts that meet the demand of a wide spectrum of patrons from different market segments. Of the Group's nine brands, five are casual dining brands and four are mid-ranged dining brands, all strategically located in convenient and high foot traffic locations. In addition, four of the Group's brands – Bali Thai, Streats, So Pho and Indobox – are Halal-certified.

HOME GROWN F&B GROUP
SPECIALISTS IN MULTI-CUISINE CONCEPTS

33 RESTAURANTS IN SINGAPORE

2 RESTAURANTS IN THE PRC

EACH BRAND SERVES AUTHENTIC CUISINES OF DIFFERENT ETHNICITY:

- Indonesian
- Thai
- Hong Kong
- Vietnamese
- Yunnan
- Northern Chinese
- Mexican

AS OF 31 DEC 2016, WE OWN AND OPERATE:

- **33** restaurants in Singapore
- **2** restaurants in the PRC
- **9** proprietary F&B brands
- **4** Halal-certified brands

OUR BRANDS AND OUTLETS

BALI THAI

Indonesian & Thai Restaurant

www.balithai.com.sg

SINGAPORE

- I12 Katong
- Causeway Point
- IMM Building
- NEX
- Resort World Sentosa
- The Seletar Mall
- Suntec City
- Waterway Point
- Ngee Ann City

CHINA

- Gemdale Beijing
- Raffles City Beijing

streats

Hong Kong Cafe

www.streats.com.sg

- Bukit Panjang Plaza
- City Square Mall
- E!Hub Downtown East
- IMM Building
- NEX
- One KM
- Resort World Sentosa (Asian Cafe)
- Raffles City
- Clementi Mall (Coming Soon)
- Bedok Mall (Coming Soon)
- West Mall (Coming Soon)

SO PHO

Vietnamese Cafe

www.sopho.com.sg

- JEM
- Tampines Mall
- Paragon
- Novena Square
- Parkway Parade
- NEX
- Waterway Point
- Marina One (Coming Soon)
- VivoCity (Coming Soon)

OUR BRANDS AND OUTLETS

INDOBOX

Indonesian Cafe
www.indoboxcafe.com.sg

- ION Orchard
- JEM

红锅 HONGUO

Specialties from Yunnan
www.honguo.com.sg

- Bugis Junction
- NEX

RENNthai

Contemporary Thai Restaurant
www.rennthai.com.sg

- Clarke Quay

Bayang

Indo Bar & Restaurant
www.bayang.com.sg

- Clarke Quay

MUCHOS

Mexican Bar & Restaurant
www.muchos.com.sg

- Clarke Quay
- Plaza Singapura

胡 Hutong 同

Taste of China
www.hutong.com.sg

- Clarke Quay

CHAIRMAN AND CEO'S STATEMENT

THE DIRECTORS HAVE PROPOSED A FINAL DIVIDEND OF 0.61 CENTS PER SHARE OR 60% OF THE GROUP'S NET PROFITS FOR FY2016

FY2016 REVENUE
$56.8
MILLION

DEAR SHAREHOLDERS,

2016 was an eventful year in the Group's history as we marked a major milestone through our successful listing on the Catalist board of SGX-ST. Taking the next step towards our vision to be a leading food and beverage company, we were deeply appreciative of the warm reception we received from the market.

In our stride to grow the business by establishing exciting restaurant brands and providing great dining experiences, we are glad to have received two Certificates of Excellence from Trip Advisor for Indobox and So Pho and, within our staff, 41 Excellent Service Awards from SPRING Singapore for 2016. The recognition of our efforts continues to steady our course of expansion.

It is with great pleasure that we present our introductory Annual Report for the financial year ended 31 December 2016 ("FY2016"). The Group had a decent performance despite less than favourable market conditions, achieving a 9.5% year-on-year increase in revenue to S$56.8 million.

YEAR IN REVIEW

We first set out to list our Group to ensure continuity and progress of our business on a larger scale. As a specialist in multi-cuisine concepts and restaurant operations, the opportunity to list on the Catalist board of SGX-ST provided us with a good foothold in our path to enhance our brand value and amplify our presence on a regional level.

Our maiden year as a listed company was one of strategising and planning as we persisted through challenges stemming from macro environmental factors, which led to consumers' cautious spending and a decline in the Food & Beverage Services Index ("FSI") in Singapore for 2016.[1]

Nonetheless, we were able to increase our revenue and expand our operations partly through contributions from our four new restaurant outlets in Raffles City (under the brand name "Streats"), Ngee Ann City (under the brand name "Bali Thai") and two outlets in Waterway Point (under the brand names "Bali Thai" and "So Pho") respectively.

At the close of FY2016, our nine proprietary restaurant brands were represented by 33 restaurants in Singapore and two restaurants in the PRC.

A breakthrough in our expansion was our online food ordering platform. By the end of FY2016, all nine of our brands were made available online. The expansion saw online food ordering and delivery services achieving revenue of S$2.5 million in FY2016. We are pleased with the good progress we made in our foray into online food ordering and delivery services and hope to expand upon these promising results in FY2017.

Through the year, we continued to improve our operational efficiency by upgrading our business management systems. This will help us pinpoint areas of improvement and alleviate unnecessary processes to increase overall staff productivity and save costs in the long run.

OUTLOOK AND FUTURE PLANS

In view of the challenges, we remain cautious but maintain our intention to grow our operations. We have moved towards cost efficiency, lower risk avenues for growth and aim to make further improvements to lower operating costs in the long run.

In Singapore, we target to grow our business with several new outlets in the coming months. Additionally, based on our success in FY2016 and the rising demand for food delivery, we hope to increase the reach of our online food delivery services. These plans will help us capture more of the market share and heighten our market position.

Outside of Singapore, we continue to assess the feasibility of further expansion into the PRC and opening new restaurants in the region. While organic expansion and expansion via strategic alliances, acquisitions and joint ventures continue to be viable options, we are focusing on franchising which will hasten our growth albeit at a lower level of investment and risk.

In order to support our expansion plans comprehensively, we have begun plans to increase the use of consumer-focused technology like self-ordering devices and upgrade other operations systems to provide us better analytics. These measures are aimed at saving costs in the long run and improving overall business productivity.

As we move into the next financial year, we look at using the foundation we have built to create increased value and achieve new milestones both locally and regionally.

DIVIDENDS

The Directors have proposed a final dividend of 0.61 cents per share or 60% of the Group's net profits for FY2016. This is in line with our intention as stated in our Offer Document as a token of our gratitude for the unwavering support from our shareholders.

The proposed dividend is subject to the approval of shareholders at the upcoming Annual General Meeting ("AGM").

IN APPRECIATION

We would like to thank our board of directors and management team for their valuable guidance through the year as we commenced this new chapter in our journey. We would also like to extend our appreciation to all our customers, shareholders, partners and staff who have provided us with their dedication and continued support.

Last but not least, it is with much gratitude that we recognise the professional working team, management and staff for the efforts put in during the listing process.

We look forward to sharing another year of innovation, expansion and accomplishment with all our stakeholders.

Mr Alan Goh Keng Chian
Founder, Executive Chairman and CEO

[1] *http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/services/mrsdec16.pdf*

OUR MILESTONES

1995

Started "Katrina Nasi Padang"

1998

BALI THAI

Launched first restaurant in West Mall

2004

RENNthai

Ventured into mid-ranged dining

2006

Bayang

streats

Launched two new brands

2007

红锅 HONGUO

Launched first Chinese restaurant in Bugis Juction

2008

胡 Hutong 同

Introduced new mid-ranged dining brand

2009

BALI THAI

Opened first overseas restaurant in Raffles City, Beijing

2010

MUCHOS

Developed first non-Asian brand

2013

SO PHO

INDOBOX

Opened first Vietnamese and Indonesian cafes in JEM

2015

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

2016

All nine brands available for online food ordering & delivery services

Listed on the Catalist Board of SGX-ST

AWARDS & ACCOLADES

KATRINA SINGAPORE

2016 **EXCELLENCE SERVICE AWARD**
Awarded by SPRING Singapore

2014 **BRONZE SINGAPORE HEALTH AWARD**
Awarded by Singapore Health Promotion Board

2012 **ENTERPRISE 50 AWARD**
Awarded by Enterprise 50 Association

2010 **BRONZE SINGAPORE HEALTH AWARD**
Awarded by Singapore Health Promotion Board

RENNTHAI

2015 **SINGAPORE'S TOP RESTAURANT**
Awarded by Wine & Dine Experience Pte Ltd

2011 **SINGAPORE SERVICE STAR AWARD**
Awarded by Singapore Tourism Board

2008 **SINGAPORE'S TOP RESTAURANT**
Awarded by The Lexicon Group Limited

MUCHOS

2015 **SINGAPORE'S TOP RESTAURANT**
Awarded by Wine & Dine Experience Pte Ltd

BALI THAI

2015 **SINGAPORE'S TOP RESTAURANT**
Awarded by Wine & Dine Experience Pte Ltd

2008 **SINGAPORE TOP RESTAURANT**
Awarded by The Lexicon Group Limited

HUTONG

2015 **SINGAPORE'S TOP RESTAURANT**
Awarded by Wine & Dine Experience Pte Ltd

2011 **SINGAPORE SERVICE STAR AWARD**
Awarded by Singapore Tourism Board

HONGUO

2011 **SINGAPORE SERVICE STAR AWARD**
Awarded by Singapore Tourism Board

STREATS

2011 **SINGAPORE SERVICE STAR AWARD**
Awarded by Singapore Tourism Board

BAYANG

2011 **SINGAPORE SERVICE STAR AWARD**
Awarded by Singapore Tourism Board

2008 **SINGAPORE'S TOP RESTAURANT**
Awarded by The Lexicon Group Limited

INDOBOX

2016 **CERTIFICATE OF EXCELLENCE**
Awarded by TripAdvisor LLC

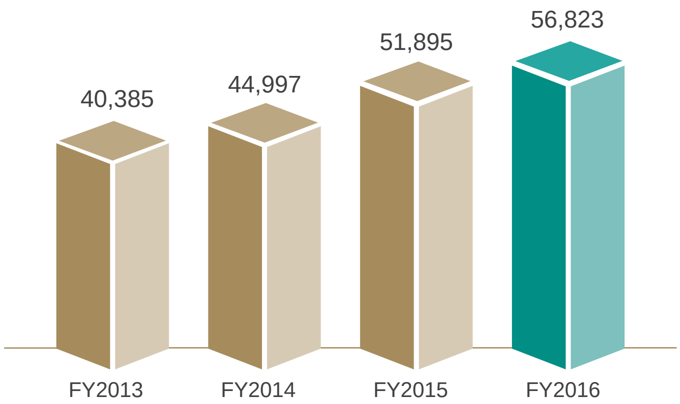
2015 **SINGAPORE'S TOP RESTAURANT**
Awarded by Wine & Dine Experience Pte Ltd

SO PHO

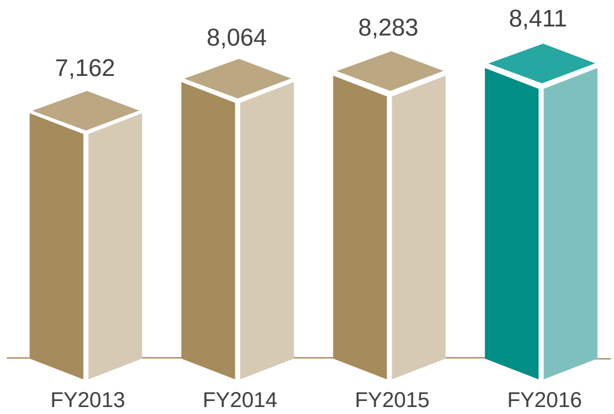
2016 **CERTIFICATE OF EXCELLENCE**
Awarded by TripAdvisor LLC

FINANCIAL REVIEW

REVENUE *(S$'000)*



GROSS PROFIT *(S$'000)*



Sales revenue and gross profit is net of discounts

	FY2013	FY2014	FY2015	FY2016
Sales Revenue	40,385	44,997	51,895	56,823
Gross Profit	7,162	8,064	8,283	8,411
Net Profit	3,701	3,292	4,262	2,368
EPS[1]	1.89	1.68	2.18	1.12

[1] EPS for FY2013 to FY2015 is computed based on the pre-IPO share capital comprising 195,721,00 shares

FINANCIAL PERFORMANCE

The Group posted revenue of S$56.8 million for FY2016, an increase of 9.5% or S$4.9 million from FY2015. This was supported by increases in restaurant revenue and online sales revenue.

The Group's gross profit increased 1.5% to S$8.4 million with the Group's gross profit margin remaining healthy at 14.8%.

The Group's operating expenses which comprised administrative expenses, selling and distribution expenses increased S$1.1 million to S$4.9 million, mainly due to increased administrative staff salary expenses, directors' remunerations and increased marketing efforts to promote online ordering service. The Group also incurred IPO expenses of approximately S$1.4 million in FY2016, in connection with the Group's listing on the Catalist Board of SGX-ST. Approximately S$0.9 million was charged to profit and loss and S$0.5 million was capitalised against share capital.

The Group has posted an increase in other income of S$0.2 million mainly attributed to the promotional support funds from the beverage suppliers, offset by an increase in other expenses of S$0.2 million due to impairment loss on the property, plant and equipment of non-performing outlets.

Overall, the Group's adjusted net profit attributable to shareholders excluding IPO expenses of S$0.9 million charged to profit and loss was approximately S$3.3 million for FY2016, representing an adjusted net profit margin of 5.8%.

FINANCIAL POSITION

The Group's balance sheet had total equity of S$14.6 million as at 31 December 2016. The Group's non-current assets decreased by S$0.1 million to S$11.0 million mainly attributed to a decrease in property, plant and equipment due to the impairment provision on non-performing outlets, offset by an increase in refundable deposits for new outlets. Current assets increased S$1.2 million to S$13.5 million,

mainly due to an increase in trade receivables owed by online delivery vendors and an increase in cash and cash equivalents mainly due to cash from operations, IPO proceeds, and receipts of government grants, offset by cash used in purchases of fixed assets and payment of dividends.

The Group's current liabilities increased approximately S$2.2 million to S$8.9 million. This was mainly attributed to increases in trade and other payables, accrual of staff bonus and unutilised leave, amount due to directors resulting from the dividend declared by a subsidiary prior to IPO and accrual of performance bonus. This was partially offset by lower provision for taxation and nil term loan balance.

Non-current liabilities remained stable at around S$1.0 million as at 31 December 2016 which mainly comprised deferred rental and provision for restoration costs of outlets. The Group remained in a strong net cash position with no loans and borrowings, and S$11.4 million in cash and cash equivalents.

The Group's net asset value per ordinary share was 6.30 cents as at 31 December 2016.

STATEMENT OF CASH FLOW

Net cash flow generated from the Group's operating activities was approximately S$6.3 million for FY2016 as compared to S$5.9 million in FY2015. This was mainly due to an increase in net cash generated from working capital, consisting of increases in trade and other payables, other liabilities, amount due to directors and partially offset by an increase in refundable deposits and trade and other receivables.

The Group used S$2.6 million in investing activities, mainly attributed to the acquisition of property, plant and equipment of S$2.0 million and acquisition of equity interest in Beijing Bali Thai from the Company's CEO and Executive Director at an aggregate cash consideration of S$0.6 million.

Net cash used in financing activities of S$2.6 million was mainly attributed to the net payment of dividends to directors of S$8.5 million, partially offset against the Net IPO Proceeds amounting to S$6.1 million.

In view of the above, overall net increase in cash was approximately S$1.1 million in FY2016.

USE OF IPO PROCEEDS

The Group marked a major milestone with our listing on the Catalist board of SGX-ST on 26 July 2016. With the aim of increasing the rate of our business expansion, the Group raised Net IPO Proceeds of approximately S$6.1 million. Of the Net IPO Proceeds, about S$4.9 million was set aside for business expansion. The Group has since used approximately S$1.2 million to launch its two new restaurant outlets in Raffles City (under the brand name "Streats") and Ngee Ann City (under the brand name "Bali Thai") respectively. In addition, S$1.2 million was expended for general working capital and corporate purposes.

The Group will continue to make periodic announcements on the utilisation of the balance of the Net IPO Proceeds as and when such Net IPO Proceeds are materially disbursed.

BOARD OF **DIRECTORS**

MR ALAN GOH KENG CHIAN

Founder, Executive Chairman and CEO

Mr Goh 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 Masters of Business Administration (General Business Administration) from University of Hull in 1995.

MS MADALINE CATHERINE TAN KIM WAH

Co-founder and Executive Director

Ms Tan 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 F&B and restaurant operations.

MR ANG MIAH KHIANG
Lead Independent Director

Mr Ang was appointed the Lead Independent Director of the Group on 29 June 2016 and chairs the Audit Committee. He spent the greater part of his career in the small-medium sized enterprise financing business, having held the position of Managing Director of GE Commercial Financing (Singapore) Ltd, formerly known as Heller Financial (S) Ltd. He was also concurrently regional director for GE related businesses in Asia Pacific.

Mr Ang is a Fellow of the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy degree from the University of Singapore. He is also an independent director of Baker Technology Ltd, PS Group Holdings Ltd and Soo Kee Group Limited. In the preceding three years, he was an Independent Director of Uni-Asia Holdings Ltd and Ley Choon Group Holdings Ltd.

MR CHOW WEN KWAN
Independent Director

Mr Chow is an Independent Director of the Group and was appointed to Katrina's Board on 29 June 2016. He is currently a partner of Bird & Bird ATMD LLP in Singapore. Mr Chow has more than 15 years of experience in legal practice with his main focus on mergers and acquisitions, private equity, and equity and debt capital markets. He previously worked with various international firms in New York, Hong Kong and Singapore.

Mr Chow graduated with a Bachelor of Laws from the National University of Singapore in 1998 and a Master of Laws from the University of Virginia in 1999. He also holds a Certificate in Governance as Leadership from Harvard Kennedy School. Mr Chow is qualified to practise law in Singapore and New York, United States of America.

He is also an independent director of Versalink Holdings Limited, SMJ International Holdings Ltd. and Hafary Holdings Limited. In the preceding three years, he was an independent director of Ley Choon Group Holdings Limited.

MR ERIC LOW SIAK MENG
Independent Director

Mr Low is an Independent Director of the Group and was appointed to Katrina Group's Board on 29 June 2016. Mr Low served as the Business Development Director of Overseas Assurance Corporation Ltd. from 1999 to 2001 and from 2001 to 2003, he was an Executive Director of Sim Lian Group Limited. In July 2003, he joined Guy Carpenter & Company Pte. Ltd. as a Consultant and from August 2003, he also served as the Chief Executive Officer of Marina Country Club Pte. Ltd.

Mr Low is currently the Managing Director of Generic Consulting Pte. Ltd. He also serves as a Board Member and Internal Audit Committee Chairman for the People's Association and a Board Member and Finance Committee Member for the Singapore Red Cross. Mr Low was conferred the Public Service Medal (PBM) in 1989, the Public Service Star (BBM) in 1999 and in 2008 the Public Service Star Bar - BBM(L). On 1 September 2015, Mr Low was appointed a Justice of Peace for Singapore for a period of five years. Mr Low has a Diploma in General Insurance from the Australian Insurance Institute and a Graduate Diploma in Christian Studies from the Singapore Bible College.

KEY MANAGEMENT

MR ALAN GOH KENG CHIAN
Founder, Executive Chairman and CEO

See biography in Board of Directors.

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

See biography in Board of Directors.

MS YONG MEW PENG VICTORIA
Chief Financial Officer

Ms Yong joined the Group in September 2016 as the Chief Financial Officer. She is responsible for the financial, accounting and corporate secretarial matters of the Group.

Prior to this, Ms Yong was the General Manager, Corporate Affairs of Makino China Co., Ltd from December 2013 to January 2016. Between 1997 and 2013, she held various finance positions and spent the last 16 years working in the capacity of Financial Controller and Operations Director in multi-national corporations and Singapore listed companies in the manufacturing, energy and engineering sectors. In the course of her profession, she has gained valuable regional experience from her postings to countries such as the People's Republic of China, Hong Kong, Vietnam and Myanmar. Ms Yong holds a Master Degree in Business (Professional Accounting), a Graduate Diploma in Accounting from Victoria University of Technology (Australia) and a Bachelor Degree in Business Administration from RMIT (Australia). She is a non-practising member of both the Institute of Singapore Chartered Accountants (CA Singapore) and Australia Society of Certified Practising Accountants (CPA Australia).

CORPORATE SOCIAL **RESPONSIBILITY**

The Group has been active in its support to its customers, employees, the community and the environment on a regular basis.

COMMITMENT TO CUSTOMERS

The Group actively seeks to provide greater savings, higher quality products and improved services for its customers. In Singapore, the Group centralises its food processing in central kitchen facilities located within two restaurant outlets, in an effort to increase savings through bulk purchase discounts and better utilisation of manpower. Through such savings, the Group is able to keep prices affordable for customers.

The Group also has an electronic feedback system in place to monitor customers' feedback to provide better dining experiences.

COMMITMENT TO EMPLOYEES

The Group believes in equal opportunities for all. All employees are treated fairly with an equal chance to be trained, selected for a post, or promoted to a supervisory or management role, should they show the ability to excel within the Group.

Furthermore, the Group provides periodic training and on-job-training sessions to equip staff with better skills and knowledge in customer engagement and restaurant operations.

The Group also promotes healthy living and employee welfare. The Group plans annual health check-ups and quarterly recreational activities for its employees.

COMMITMENT TO THE COMMUNITY

The Group understands the importance of giving back to the community. The Students Care Service (SCS) Charity Golf 2016 held on 6 May 2016 was one of the key fundraising events organized by SCS to help sustain SCS' programmes for children in need. The Group was a sponsor and supported the organisation of this event.

The Group is also an advocate of animal rights. The Group has supported the Cats Welfare Society through donations and believes that better education will cultivate greater responsibility in the conservation of animal welfare.

COMMITMENT TO THE ENVIRONMENT

The Group aims to reduce its carbon footprint in its daily operations. As part of the Group's culture, it supports recycling, the reduction of waste and the usage of eco-friendly materials. Some processes, which the Group has improved, include printing double-sided, engaging a waste disposal company to pick up used oil from all its restaurants and facility to be recycled as biodiesel. The Group is also implementing stock management control systems to help reduce food wastage.

The Group also supports the International SeaKeepers Society which conducts outreach programs that educate the public on marine wildlife, pollution, and practices that help protect and restore the oceans.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Alan Goh Keng Chian
(Executive Chairman and CEO)

Madaline Catherine Tan Kim Wah
(Executive Director)

Ang Miah Khiang
(Lead Independent Director)

Chow Wen Kwan
(Independent Director)

Eric Low Siak Meng
(Independent Director)

Goh Shen Shu Donovan
(Non-Executive Director)
(Resigned on 2 December 2016)

AUDIT COMMITTEE

Ang Miah Khiang *(Chairman)*
Chow Wen Kwan
Eric Low Siak Meng

NOMINATING COMMITTEE

Eric Low Siak Meng *(Chairman)*
Ang Miah Khiang
Chow Wen Kwan

REMUNERATION COMMITTEE

Chow Wen Kwan *(Chairman)*
Ang Miah Khiang
Eric Low Siak Meng

COMPANY SECRETARY

Wee Woon Hong

REGISTERED OFFICE

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One Sims Lane
Singapore 387355
Tel: (65) 6292 4748
Fax: (65) 6292 4238
www.katrinagroup.com

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

CONTINUING SPONSOR

Hong Leong Finance Limited
16 Raffles Quay
#40-01A Hong Leong Building
Singapore 048581

EXTERNAL AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Tan Peck Yen

(A practising member of the Institute of
Singapore Chartered Accountants)

(Appointed since the financial year ended 31 December 2015)

INVESTOR RELATIONS

Financial PR Pte Ltd
4 Robinson Road
#04-01, The House of Eden
Singapore 048543

(Appointed in January 2017)

BANKERS

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

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Katrina Group Ltd. (the "**Company**") is 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 since our listing during the financial year ended 31 December 2016 ("**FY2016**") with reference to the principles set out in the Code of Corporate Governance 2012 (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 guidelines 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.

Guidelines of the Code	Katrina Group Corporate Governance Practices

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1
Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guidelines of the Code	Katrina Group Corporate Governance Practices
1.1 The Board's role is to: (a) 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; (b) 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; (c) review management performance; (d) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation; (e) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.	Apart from its statutory and fiduciary responsibilities, the primary functions of the Board are to perform the roles and responsibilities laid out under the Code and the Board's terms of reference. Please refer to Table A set out on pages 50 to 53 of this Annual Report for the composition and primary functions of the Board.
1.2 All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.	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.

Guidelines of the Code	Katrina Group Corporate Governance Practices
1.3 The Board may delegate the authority to make decisions to any Board Committee but without abdicating its responsibility. Any such delegation should be disclosed.	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 50 to 53 of this Annual Report for the composition and primary functions of the Board Committees.
1.4 The Board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Companies are encouraged to amend their Articles of Association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's Annual Report.	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 FY2016 are set out in Table B at page 53 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.

Guidelines of the Code	Katrina Group Corporate Governance Practices
1.5 Every company should prepare a document with guidelines setting forth: (a) the matters reserved for the Board's decision; and (b) clear directions to Management on matters that must be approved by the Board. The types of material transactions that require board approval under such guidelines should be 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 Constitutions of the Company; and ● Appointment of Directors, executive officers, auditors and Power of Attorney.
1.6 Incoming directors should receive comprehensive and tailored induction on joining the Board. This should include his duties as a director and how to discharge his duties, and an orientation program to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director in areas such as accounting, legal and industry-specific knowledge as appropriate.	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 to gain a better understanding of the Group's business.

Guidelines of the Code	Katrina Group Corporate Governance Practices
It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. The company should be responsible for arranging and funding the training of directors. The Board should also disclose in the company's Annual Report the induction, orientation and training provided to new and existing directors.	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 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 skills in performing his 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. Seminars and trainings attended by Directors in FY2016 ● Listing Company Director Essentials : Understanding the Regulatory Environmental in Singapore organised by Singapore Institute of Directors. ● SGX-SID Audit Committee Seminar : Introduction and practical guidance to help prepare Audit Committee members meet their responsibilities organised by Singapore Institute of Directors.
1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	The Company has issued a formal appointment letter and service agreement, to all non-executive directors and executive directors, respectively.

Board Composition and Guidance

Principle 2
There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines of the Code	Katrina Group Corporate Governance Practices
2.1 There should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board.	As at the end of FY2016, the Board consisted of one Executive Chairman, one Executive Director and three Independent Directors.

Guidelines of the Code	Katrina Group Corporate Governance Practices
	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 page 50 to page 53 of this Annual Report for the composition of the Board and Board Committees.
2.2 The independent directors should make up at least half of the Board where: (a) the Chairman of the Board (the "**Chairman**") and the Chief Executive Officer (or equivalent) (the "**CEO**") is the same person; (b) the Chairman and the CEO are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an independent director.	As the Chairman of the Board and the CEO is the same person, the Company has complied and ensured that at least half of the Board comprises Independent Directors.
2.3 An "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The Board should identify in the company's Annual Report each director it considers to be independent. The Board should determine, taking into account the views of the Nominating Committee ("**NC**"), whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. If the Board wishes, in spite of the existence of one or more of these relationships, to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.	The NC is responsible for reviewing the independence of each Director based on the guidelines 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 guidelines 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. 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.

Guidelines of the Code		Katrina Group Corporate Governance Practices
2.4	The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.	As at 31 December 2016, no Independent Directors on the Board had served for more than nine years from the date of their initial appointment.
2.5	The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board should not be so large as to be unwieldy.	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.
2.6	The Board and its Board Committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.	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 1 female and 4 male Directors with diverse backgrounds such as accounting, finance, foods and beverages, and business management. Details of the Directors' academic and professional qualifications and other appointments are set out on pages 12 and 13 of this Annual Report.

Guidelines of the Code	Katrina Group Corporate Governance Practices
2.7 Non-executive directors should: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.	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.
2.8 To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without the presence of Management.	The Group's Independent Directors had held periodic conference calls and/or meetings without the presence of Management in FY2016.

Chairman and Chief Executive Officer

Principle 3
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

3.1 The Chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the Board. In addition, the Board should disclose the relationship between the Chairman and the CEO if they are immediate family members.	As 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. 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 Guideline 1.5, which are 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.
3.2 The Chairman should: (a) lead the Board to ensure its effectiveness on all aspects of its role; (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) promote a culture of openness and debate at the Board;	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.

Guidelines of the Code	Katrina Group Corporate Governance Practices
(d) ensure that the directors receive complete, adequate and timely information; (e) ensure effective communication with shareholders; (f) encourage constructive relations within the Board and between the Board and Management; (g) facilitate the effective contribution of non-executive directors in particular; and (h) promote high standards of corporate governance.	The Chairman is primarily responsible for effective working of the Board while overseeing the overall Management, strategic planning and business development of the Group. 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 relation 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 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.
3.3 Every company should appoint an independent director to be the lead independent director where: (a) the Chairman and the CEO is the same person; (b) the Chairman and the CEO are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an independent director. The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer (or equivalent) (the "**CFO**") has failed to resolve or is inappropriate.	Mr Ang Miah Khiang 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.

Guidelines of the Code	Katrina Group Corporate Governance Practices
3.4 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors, and the lead independent director should provide feedback to the Chairman after such meetings.	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
There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guidelines of the Code	Katrina Group Corporate Governance Practices
4.1 The Board should establish a NC to make recommendations to the Board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least three directors, the majority of whom, including the NC Chairman, should be independent. The lead independent director, if any, should be a member of the NC. The Board should disclose in the company's Annual Report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.	The NC, which terms of reference are approved by the Board, comprises three Independent Directors. The NC meets at least once a year. As the Company was listed on the Catalist Board of SGX-ST on 26 July 2016, there was no NC meeting held in FY2016. However, the NC had approved some matters by way of written resolutions in FY2016. Please refer to Table A set out on pages 50 to 53 of this Annual Report for the composition and responsibilities of the NC, based on written terms of reference. The Chairman and members of the NC are independent.
4.2 The NC should make recommendations to the Board on relevant matters relating to: (a) the review of board succession plans for directors, in particular, the Chairman and the CEO; (b) the development of a process for evaluation of the performance of the Board, its Board Committees and directors; (c) the review of training and professional development programs for the Board; and (d) the appointment and re-appointment of directors (including alternate directors, if applicable). Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and	In accordance with the Company's 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. Guideline 2.4 of the Code provides that the independence of Independent Directors serving for more than 9 years should be rigorously reviewed. The Board will take Guideline 2.4 of the Code into account when determining the re-appointment of the Independent Directors, if applicable.

Guidelines of the Code		Katrina Group Corporate Governance Practices
	each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.	
4.3	The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in Guideline 2.3 or Guideline 2.4, and should similarly provide its views to the Board for the Board's consideration.	A Director who has no relationship with the Company, its related corporation, its 10% 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 guidelines set forth in the Code and is of the view that Mr Ang Miah Khiang, Mr Chow Wen Kwan and Mr Eric Low Siak Meng are independent.
4.4	When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of each company. The NC should decide if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments. Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The Board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's Annual Report.	All Directors declare their board memberships as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as Directors of the Group. In assessing the capacity of the Directors, the NC takes into consideration the expected and/or competing time commitments of the Directors, size and composition of the Board, and nature and scope of the Group's operations and size. The 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.

Guidelines of the Code		Katrina Group Corporate Governance Practices
4.5	Boards should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the Board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.	The Company does not have any alternate directors.
4.6	A description of the process for the selection, appointment and re-appointment of directors to the Board should be disclosed in the company's Annual Report. This should include disclosure on the search and nomination process.	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 Guideline 5.3.
4.7	Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its related corporations, Board Committees served on (as a member or Chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments, should be disclosed in the company's Annual Report. In addition, the company's annual disclosure on corporate governance should indicate which directors are executive, non-executive or considered	Details of the Directors' academic and professional qualifications, date of first appointment and other relevant information are set out on pages 12 and 13 of this Annual Report as well as in Table C on page 53.

Guidelines of the Code	Katrina Group Corporate Governance Practices

by the NC to be independent. The names of the directors submitted for appointment or re-appointment should also be accompanied by details and information to enable shareholders to make informed decisions. Such information, which should also accompany the relevant resolution, would include:

(a) any relationships including immediate family relationships between the candidate and the directors, the company or its 10% shareholders;

(b) a separate list of all current directorships in other listed companies; and

(c) details of other principal commitments.

Board Performance

Principle 5
There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board.

Guidelines of the Code	Katrina Group Corporate Governance Practices
5.1 Every Board should implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual director to the effectiveness of the Board. The Board should state in the company's Annual Report how the assessment of the Board, its Board Committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report.	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. No external facilitator was engaged by the Company in FY2016.
5.2 The NC should decide how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the Board and address how the Board has enhanced long-term shareholder value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.	The NC had conducted the Board's performance evaluation as a whole for FY2016 together with the performance evaluation of the AC, RC and NC. 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;

Guidelines of the Code	Katrina Group Corporate Governance Practices
	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 FY2016.
5.3 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and Board Committees, and any other duties). The Chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.	The NC also conducted individual Directors' self-assessment. All Directors have completed the individual Directors' self-assessment forms. The summary of the individual Directors' self-assessment was circulated to the members of NC for their review. 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. 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.

Guidelines of the Code	Katrina Group Corporate Governance Practices

Access to Information

Principle 6
In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines of the Code	Katrina Group Corporate Governance Practices
6.1 Management has an obligation to supply the Board with complete, adequate information in a timely manner. Relying purely on what is volunteered by Management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfil his duties properly. Hence, the Board should have separate and independent access to Management. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.	The Directors have separate and independent access to the Management and all the Group's records at all times in carrying out their duties. Detailed Board papers and files are prepared and circulated in advance for each meeting. This is to give Directors sufficient time to review the matters to be discussed so that discussions can be more meaningful and productive. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The Board papers and files include sufficient information from the Management on financial, operating and corporate issues for Directors to decide on issues presented at the Board and Board Committee meetings. Such information may also be in the form of presentations made by Management in attendance at the meetings, or given by external advisors and consultants engaged on specific projects. The Management provides the Board updates on the developments of the business at least on a half yearly basis, with financial information, the explanations on the financial information, and the rationale for the key decisions taken by Management.
6.2 Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.	The Directors are regularly provided with complete, adequate and timely information prior to Board meetings to enable them to fulfil their duties. The Management provides the Board with half-yearly management accounts, as well as half yearly summary data comparing key financial metrics relative to the budget and results from prior periods. In respect of budgets and financial results, any material variance between the projections and actual results are disclosed and explained.
6.3 Directors should have separate and independent access to the company secretary. The role of the company secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied	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.

Guidelines of the Code	Katrina Group Corporate Governance Practices
with. Under the direction of the Chairman, the company secretary's responsibilities include ensuring good information flows within the Board and its Board Committees and between Management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.	In addition, the Company Secretary (or her representatives), had attended all Board and Board Committee meetings of the Company in FY2016.
6.4 The appointment and the removal of the company secretary should be a matter for the Board as a whole.	The appointment and the removal of the Company Secretary are subject to the Board's approval.
6.5 The Board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.	All Directors have direct access to the Group's independent professional advisors, as and when necessary, to discharge his/her responsibilities effectively. In addition, the Directors, either individually or as a group, may seek separate independent professional advice, if necessary. The cost of all such professional advice is borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

7.1 The Board should establish a Remuneration Committee ("RC") with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC Chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The Board should disclose in the company's Annual Report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.	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. As the Company was listed on the Catalist Board of SGX-ST on 26 July 2016, there was no RC meeting held in FY2016. However, the RC had approved some matters by way of written resolutions in FY2016. Please refer to Table A set out on pages 50 to 53 for the composition and functions of the RC.

Guidelines of the Code	Katrina Group Corporate Governance Practices
7.2 The RC should review and recommend to the Board a general framework of remuneration for the Board and key management personnel. The RC should also review and recommend to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire Board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.	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.
7.3 If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.	No remuneration consultants were engaged by the Company during FY2016. 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 and the key management personnel are based on their respective existing service agreements. The RC may consider utilising 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.
7.4 The RC should review the company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.	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.

Level and Mix of Remuneration

Principle 8
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guidelines of the Code		Katrina Group Corporate Governance Practices
8.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive directors' and key management personnel's performance.	In reviewing and determining the remuneration packages of the Executive Directors and the Group's 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. The performance criteria for the Executive Directors and key management personnel have been met for FY2016.
8.2	Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC should review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.	The Company had no long-term incentive schemes during FY2016.
8.3	The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.	No Independent Directors have service agreements with the Company. They are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Independent Directors are subject to approval by Shareholders at each AGM thereby ensuring that their independence is not compromised. Each member of the RC abstains from deliberating on or making recommendations in respect of any proposed amounts to be paid by the Company to him/her.

Guidelines of the Code	Katrina Group Corporate Governance Practices
	Please see Table D set out on page 54 for the detailed schedule of annual fees for Independent Directors being proposed to Shareholders.
8.4 Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.	Based on the service agreement 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 key management personnel.

Disclosure on Remuneration

Principle 9
Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

9.1 The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).	Please refer to Table D set out on page 54 for remuneration details for the Directors and key management personnel (who are not directors or the CEO). As the Company was listed on the Catalist Board of SGX-ST 26 July 2016 with a lean management team, the Company currently only has one key management personnel (who are not directors or the CEO) during FY2016. The Company is in the process of developing the team involving in planning, directing and controlling the activities of the Company.
9.2 The company should fully disclose the remuneration of each individual director and the CEO on a named basis. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	Please refer to Table D set out on page 54 for remuneration details for the Directors and the CEO. The Company has disclosed each Director's and the CEO's remuneration as a breakdown (in percentage terms) into fixed salary, variable or performance-related incentives/bonuses and benefits in kind. The Company believes that it is not in the best interest of the Company to disclose the remuneration details for sensitivity and competiveness reasons in the F&B industry.

Guidelines of the Code		Katrina Group Corporate Governance Practices
9.3	The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are encouraged to fully disclose the remuneration of the said top five key management personnel.	Please refer to Table D set out on page 54 for remuneration bands and details for the key management personnel (who are not directors or the CEO). The Board believes that it is for the benefit of the Company and the Group that the remuneration of key management personnel (who are not Directors of the Company) be kept confidential, due to its sensitive nature and concerns of poaching. As the Company has a lean management team, such disclosures would be disadvantageous to the Company in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing amongst the employees of the Company.
9.4	For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000. The company need only show the applicable bands.	Please refer to Table D set out on page 55 for remuneration bands and details of employees who are immediate family members of a Director or the CEO. However, his remuneration is below S$50,000 during FY2016.
9.5	The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.	The Company had no employee share schemes in place during FY2016.

Guidelines of the Code	Katrina Group Corporate Governance Practices
9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	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. The Executive Directors do not receive additional Directors' fees. 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's compliance in all audit matters. There are currently no long term incentives for the Executive Directors and key management personnel. The Executive Directors' and key management personnel's short term incentives (namely the performance-related variable component) are recommended by the RC and approved by the Board. For FY2016, the Executive Directors and key management personnel have met the relevant performance conditions. Please refer to Guideline 8.1 and 8.2 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.

Guidelines of the Code	Katrina Group Corporate Governance Practices

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10
The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

10.1 The Board's responsibility to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).	The Board provides a balanced and understandable assessment of the Group's performance, position and prospects in its annual financial statements and half-yearly and full year results announcements to Shareholders.
10.2 The Board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	The Board reviews compliance issues, if any, with Management on a half-yearly basis and as and when required. All the Directors and executive officers of the Group also signed a letter of undertaking pursuant to the amended Rule 720(1) of the Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**").
10.3 Management should provide all members of the Board with management accounts and such explanation and information on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospects.	Management provides the Executive Directors with the management accounts on a monthly basis and Independent Directors are updated on half-yearly basis. The Board is of the opinion that the Management provides relevant information on a timely basis, comprehensive half yearly financial results announcement and analysis of the results so that the Board can make a balanced and informed assessment of the Company's performance, position and prospects. The Board also provides a negative assurance statement to the Shareholders in respect of the interim financial statements. For FY2016, the Executive Directors and the Chief Financial Officer ("**CFO**") have provided assurance to the Board on the integrity of the Group's financial statements.

Guidelines of the Code	Katrina Group Corporate Governance Practices

Risk Management and Internal Controls

Principle 11
The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

11.1 The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	The Board reviews the Group's business and operational activities to identify areas of significant business risks as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas to the Group such as financial, operational, compliance and information technology risks based on the feedback of the Internal Auditors and External Auditors. The Board also oversees the Management in implementing the risk management and internal controls system. The Board is also responsible for governance of risk management, and determining the Company'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.
11.2 The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The statutory auditors carry out statutory audits annually in accordance with their audit plan. Control observations relevant to the audit noted during their audits and the auditors' recommendations are reported to the AC. The internal audit function is outsourced to an external organisation, BDO LLP for FY2016. They perform their work according to the detailed internal audit scope including focus on operational and financial risks, evaluation of the adequacy of internal control system and application of controls in practice, and making appropriate recommendations for improvements to the Group. The internal controls of the Group provide reasonable but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also recognises that no system of internal control or risk management can provide absolute assurance against the occurrence of errors, poor judgement in decision-making, losses, frauds or other irregularities.

Guidelines of the Code	Katrina Group Corporate Governance Practices
11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO: (a) 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) regarding the effectiveness of the company's risk management and internal control systems.	Based on internal controls established and maintained by the Group, the works performed by the Internal and External Auditors, and the reviews performed by Management and the various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at 31 December 2016. The Board met two times in FY2016 and have continuously updated the AC on the developments of the Company. The CEO and CFO have also assured the Board that internal controls are in place and updated the Board on the internal controls measures taken during FY2016. Discussion between Internal, External Auditors and the AC in the absence of the Management have also further reassured the AC that for FY2016, the internal controls established are maintained for the operations of the business. The Board has also received assurance from the CFO and CEO in FY2016 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 effective.
11.4 The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	The Company manages risks under an overall strategy determined by the Board and supported by the AC, RC and NC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group is subject to.

Guidelines of the Code		Katrina Group Corporate Governance Practices

Audit Committee

Principle 12
The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Guidelines of the Code		Katrina Group Corporate Governance Practices
12.1	The AC should comprise at least three directors, the majority of whom, including the AC Chairman, should be independent. All of the members of the AC should be non-executive directors. The Board should disclose in the company's Annual Report the names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board.	The AC comprises three members, all of whom are Independent Directors. The AC members are appropriately qualified to discharge their responsibilities and functions under the terms of reference approved by the Board. It meets at least twice a year. As the Company was listed on the Catalist Board of SGX-ST on 26 July 2016, the AC only met once in FY2016. Please refer to Table A set out on pages 50 to 53 for the composition and the main functions of the AC.
12.2	The Board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the AC Chairman, should have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.	The Board is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities. The Chairman of AC, Mr Ang Miah Khiang, together with the members, Mr Chow Wen Kwan and Mr Eric Low Siak Meng, have relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.
12.3	The AC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.	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.
12.4	The duties of the AC should 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;	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.
	(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);	The AC evaluates on a yearly basis the adequacy and effectiveness of the internal controls including financial, operational, compliance and information technology controls and regulatory compliance of the Group through discussion with Management and its Internal and External Auditors.

Guidelines of the Code	Katrina Group Corporate Governance Practices
(c) reviewing the effectiveness of the company's internal audit function;	Please refer to Guidelines 13.1 and 13.2.
(d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and	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 whistle-blowing reports, if any.
(e) making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.	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.
12.5 The AC should meet (a) with the external auditors, and (b) 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. As the Company was listed on the Catalist Board of SGX-ST on 26 July 2016 and the Company was in the process of setting up its internal controls, there was no meeting between the AC with the Internal Auditors and External Auditors, without the presence of the Management in FY2016. However, the AC had met the Internal Auditors and External Auditors, without the presence of the Management subsequent to 31 December 2016 in respect of the audit of the financial statements for FY2016.
12.6 The AC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the company, the AC should keep the nature and extent of such services under review, seeking to maintain objectivity.	Non-audit fee paid to the Company's External Auditors, Ernst & Young LLP in FY2016 are disclosed in Note 8 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.

Guidelines of the Code	Katrina Group Corporate Governance Practices
12.7 The AC should review the policy and arrangements by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The existence of a whistle-blowing policy should be disclosed in the company's Annual Report, and procedures for raising such concerns should be publicly disclosed as appropriate.	The Group has established a whistle-blowing 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 whistle-blowing reports received in FY2016. 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 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.
12.8 The Board should disclose a summary of all the AC's activities in the company's Annual Report. The Board should also disclose in the company's Annual Report measures taken by the AC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	Please refer to the Group's practices in Guidelines 1.6 and 12.4.
12.9 A former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's AC: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has 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 within the previous 12 months and none of the AC members hold any financial interest in the above-mentioned auditing firms.

Internal Audit

Principle 13
The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines of the Code	Katrina Group Corporate Governance Practices
13.1 The Internal Auditor's primary line of reporting should be to the AC Chairman although the Internal Auditor would also report administratively to the CEO.	The AC, in consultation with Management, approves the hiring, removal, evaluation and the fees of the Internal Auditors. The Internal Auditors have unfettered access to all the Group's documents, records, personnel and the AC.

Guidelines of the Code		Katrina Group Corporate Governance Practices
	The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced. The Internal Auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the AC.	The internal audit function of the Group was outsourced to BDO LLP in FY2016. The Internal Auditors report primarily to the Chairman of AC and have unrestricted access to documents, records, properties and personnel of the Group.
13.2	The AC should 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 in-house, outsourced to a reputable accounting/auditing firm or corporation, or performed by a major shareholder, holding company or controlling enterprise with an internal audit staff.	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. The Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. For example, the key features of the internal control environment include having clear and defined terms of reference for Board Committees, assigning authority and responsibility in accordance with an authority matrix and written internal control procedures. 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 adequately resourced and has the appropriate standing within the Company to perform its function effectively.
13.3	The internal audit function should be staffed with persons with the relevant qualifications and experience.	The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals.
13.4	The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	BDO LLP is a member of the Institute of Internal Auditors ("**IIA**"). The internal audit work carried out is guided by the BDO Global International Audit methodology which is consistant with the International Standards for the Professional Practice of Internal Auditing set by IIA.
13.5	The AC should, at least annually, review the adequacy and effectiveness of the internal audit function.	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. Please refer to Guidelines 13.1 and 13.2 above on the adequacy and effectiveness of the internal audit function.

Guidelines of the Code	Katrina Group Corporate Governance Practices

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholders Rights

Principle 14
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements

14.1 Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	The Company has adopted half-yearly results reporting since the half year ended 30 June 2016. In line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore (the "**Act**") the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner for all material developments that impact the Group via SGXNET on an immediate basis.
14.2 Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	At general meetings, Shareholders will be given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance. The Chairpersons of the Board, AC, NC and RC, as well as the External Auditors, are present to assist the Directors in addressing any relevant queries raised by Shareholders. Shareholders will be also informed of the voting procedures prior to the commencement of voting by poll.
14.3 Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	The Company's Constitution also allows an individual Shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings. In line with the amendments to the Act, the Constitution allows corporate Shareholders of the Company which provide nominee or custodial services to third parties to appoint more than two proxies to attend and vote on their behalf at general meetings.

Guidelines of the Code	Katrina Group Corporate Governance Practices

Communication with Shareholders

Principle 15
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

15.1 Companies should devise an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, companies should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.	The Company does not have an Investor Relations Policy in place and there is no dedicated investor relations team in place in FY2016 as the Board is of the view that the current communication channels are sufficient and cost-effective. However, the Company has engaged Financial PR Pte Ltd as investor relation in January 2017. 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.
15.2 Companies should disclose information on a timely basis through SGXNET and other information channels, including a well-maintained and updated corporate website. Where there is inadvertent disclosure made to a select group, companies should make the same disclosure publicly to all others as promptly as possible.	The Company does not practice selective disclosure of material information. The Group makes all necessary disclosures to Shareholders and the public via SGXNET. The Company also communicates through its corporate website which provides the Shareholders with corporate communications, press release, annual reports and profile of the Group.
15.3 The Board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.	Both Executive and Independent Directors meet or speak with Shareholders regularly, primarily through general meetings of Shareholders, to gather their views and address concerns.
15.4 The Board should state in the company's Annual Report the steps it has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings.	Please refer to the Group's practices set out in Guideline 15.3.

Guidelines of the Code	Katrina Group Corporate Governance Practices
15.5 Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, companies should disclose their reasons.	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). Based on the net profits generated by the Company in FY2016, the Board has declared a final dividend of 0.61 cents per share for FY2016, which is subjected to the Shareholders' approval in the AGM. This is in line with the Offer Document of the Company dated 15 July 2016.

Conduct of Shareholder Meetings

Principle 16
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

16.1 Shareholders should have the opportunity to participate effectively in and to vote at general meetings of shareholders. Companies should make the appropriate provisions in their Articles of Association (or other constitutive documents) to allow for absentia voting at general meetings of shareholders.	Accompanying the notice of AGM and EGM, is a proxy form, so that (i) Shareholders who are individuals may appoint up to 2 proxies; and (ii) Shareholders which are intermediaries (such as banks and capital markets services licence holders) providing custodial services may appoint more than 2 proxies to attend on their behalf, should Shareholders be unable to personally attend the meetings. 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.
16.2 There should be separate resolutions at general meetings on each substantially separate issue. Companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.	The Company has separate resolutions at general meetings for each distinct issue.
16.3 All directors should attend general meetings of shareholders. In particular, the Chairman of the Board and the respective Chairman of the AC, NC and RC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.	The respective chairpersons of the Board, AC, RC and NC are present at the AGMs and EGMs to answer queries raised at the AGMs and EGMs. The External Auditors, Ernst & Young LLP, are invited to attend the AGMs to address any Shareholders' queries about the conduct of their audits.

Guidelines of the Code	Katrina Group Corporate Governance Practices
16.4 Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.	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 upon request by Shareholders.
16.5 Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling.	In line with the new Catalist Rule 730A, with effect from 1 August 2015, all the resolutions will be voted by way of poll and the Company will announce the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the Shareholders and the public.

OTHER CORPORATE GOVERNANCE MATTERS

1. Material Contracts
[Catalist Rule 1204(8)]

No material contracts of the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders of the Company exist at the end of FY2016 or have been entered into since the end of the previous financial year.

2. Interested Person Transactions
[Catalist Rule 1204(17)]

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions, 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 person transactions.

If the Group enters into an interested person transaction and a 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 did not enter into interested persons transactions which are required for disclosure pursuant to Rule 1204(17) of the Catalist Rules during FY2016.

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 executive officers with regards to dealing in the Company's securities.

The Company, Directors, officers and all staff of the Group and their associates are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are also reminded regularly not to deal in the Company's shares during the period commencing one month before the announcement of the Group's half-yearly and annual financial results and ending on the date of announcement of those results.

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

No non-sponsor fees were paid to the Company's sponsor, Hong Leong Finance Limited in FY2016.

5. Update on Use of Proceeds
[Catalist Rule 1204(22)]

The Proceeds from Initial Public Offering ("IPO")

The Company had raised net proceeds amounting to S$6.1 million from the IPO.

As at the date of this report, the use of the proceeds from the IPO is as follows:-

Use of proceeds	Amount allocated (S$'000)	Amount utilised (S$'000)	Amount unutilised (S$'000)
Business expansion	4,896	1,242[1]	3,654
General working capital and corporate purposes	1,200	1,200[2]	–
Net proceeds	6,096	2,442	3,654

Note : The Company wishes to clarify that the actual IPO expenses amounted to approximately S$1.4 million and therefore, the actual net proceeds from IPO is approximately S$6.1 million.

1 Setting up of 2 "Halal" certified new restaurants namely Bali Thai Ngee Ann City and Streats Raffles City.

2 An aggregate amount of S$1.2 million had been used for general working capital and corporate purposes of the Group and details of principal disbursements are set out below:

	(S$'000)
Suppliers' payments	1,042
Salaries and related costs	6
Rental costs	33
Operating expenses	119
Total	1,200

TABLE A

Board comprises:-

Alan Goh Keng Chian	(Executive Chairman and CEO)
Madaline Catherine Tan Kim Wah	(Executive Director)
Ang Miah Khiang	(Lead Independent Director)
Chow Wen Kwan	(Independent Director)
Eric Low Siak Meng	(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.

Audit Committee comprises:-

Ang Miah Khiang	(Chairman, Independent)
Chow Wen Kwan	(Member, Independent)
Eric Low Siak Meng	(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 with the Internal Auditor, his evaluation of the system of internal accounting controls;

4. 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;

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

6. review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;

7. review the assistance given by the Company's officers to the External Auditor;

8. review the independence of the External Auditor annually;

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

10. 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;

11. 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;

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

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.

Nominating Committee comprises:-

Eric Low Siak Meng	(Chairman, Independent)
Ang Miah Khiang	(Member, Independent)
Chow Wen Kwan	(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 guidelines that can address the competing time commitments that are faced when directors serve on multiple boards;

5. decide on how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, that allow comparison with its industry peers, should be approved by the Board and address how the Board has enhanced long term Shareholders' value. These performance criteria should not be changed from year to year and where circumstances deem necessary for any of the criteria to be changed, the onus should be on the Board to justify such changes;

6. give full consideration to succession planning for Directors, in particular, the Chairman and CEO and recommend to the Board;

7. review the results on Board performance evaluation process that relate to the composition of the Board;

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

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

Remuneration Committee comprises:-

Chow Wen Kwan	(Chairman, Independent)
Ang Miah Khiang	(Member, Independent)
Eric Low Siak Meng	(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 packages are in line with the Company's staff remuneration guideline and are 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 agreed 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.

TABLE B

Name of Director	Board of Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings	
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Alan Goh Keng Chian	2	2	N/A	N/A	N/A	N/A	N/A	N/A
Madaline Catherine Tan Kim Wah	2	1	N/A	N/A	N/A	N/A	N/A	N/A
Goh Shen Shu Donovan@	2	1	N/A	N/A	N/A	N/A	N/A	N/A
Ang Miah Khiang	2	2	1	1	–	–	–	–
Chow Wen Kwan	2	2	1	1	–	–	–	–
Eric Low Siak Meng	2	2	1	1	–	–	–	–

N/A Not applicable as he or she is not a member of the respective Committees
@ Resigned on 2 December 2016 as Non-Executive Director of the Company.

TABLE C

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

Name of Director	Date of Appointment	Date of Last Election
Alan Goh Keng Chian	31 March 2016	–
Madaline Catherine Tan Kim Wah	31 March 2016	–
Ang Miah Khiang	29 June 2016	–
Chow Wen Kwan	29 June 2016	–
Eric Low Siak Meng	29 June 2016	–

TABLE D

The tables below show the remuneration bands of the Directors and the key management personnel (who are not directors or the CEO) of the Group, who are not directors as well as the approximate percentage breakdown of their remuneration during FY2016.

(a) Remuneration of Directors of the Company

Name of Director	Salary* (%)	Bonus# (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Above S$500,000					
Alan Goh Keng Chian	77	22	–	1	100
S$250,000 to S$500,000					
Madaline Catherine Tan Kim Wah	75	24	–	1	100
Below S$250,000					
Ang Miah Kiang	–	–	100	–	100
Chow Wen Kwan	–	–	100	–	100
Eric Low Siak Meng	–	–	100	–	100
Goh Shen Shu Donovan@	–	–	100	–	100

* The salary amount shown is inclusive of Central Provident Fund ("**CPF**"), all fees other than directors' fees, allowance and other benefits.
# The bonus amount shown is inclusive of CPF.
@ Resigned on 2 December 2016 as Non-Executive Director of the Company.

(b) Remuneration of Key Management Personnel (who are not directors or the CEO)

Name of Key Management Personnel	Salary* (%)	Bonus* (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Below S$250,000					
Yong Mew Peng Victoria^	100	–	–	–	100
Lee Li Eng@	100	–	–	–	100

* The salary and bonus amounts shown are inclusive of CPF.
^ Appointed on 26 September 2016 as Chief Financial Officer.
@ Resigned on 21 August 2016 as Chief Financial Officer.

The total renumeration 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 FY2016.

No stock options were granted in FY2016 as the Company has no employees shares option scheme in place. Please refer to the disclosure under Guideline 9.5 for more details.

(c) Remuneration of employee related to Director

Name of Employee who are family members of a Director	Salary* (%)	Bonus* (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Below S$50,000					
Mr Goh Keng Hwee	92	8	–	–	100

* The salary and bonus amounts shown are inclusive of CPF.

Mr Goh Keng Hwee is the brother of Mr Alan Goh Keng Chian, Executive Chairman and CEO of the Company and brother-in-law of Ms Madaline Catherine Tan Kim Wah, Executive Director of the Company and he is the Restaurant Manager of Bali Thai at NEX. The remuneration of Mr Goh Keng Hwee in FY2016 was below S$50,000.

Save as disclosed above, there was no employee of the Group who is an immediate family member of any Director or Executive Chairman and CEO whose remuneration exceeds S$50,000 in FY2016.

DIRECTORS' STATEMENT

The directors are pleased to 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 2016.

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 2016 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 Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Alan Goh Keng Chian
Madaline Catherine Tan Kim Wah
Eric Low Siak Meng
Ang Miah Khiang
Chow Wen Kwan

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:

Name of directors	At the date of appointment	At the end of financial year
Katrina Group Ltd		
Ordinary shares		
Alan Goh Keng Chian	1	97,860,504
Madaline Catherine Tan Kim Wah	1	97,860,504
Katrina Holdings Pte Ltd		
Ordinary shares		
Alan Goh Keng Chian	582,502	–
Madaline Catherine Tan Kim Wah	582,502	–

Directors' interests in shares and debentures (cont'd)

By virtue of section 7 of the Singapore Companies Act, Chapter 50, both Mr Alan Goh Keng Chian and Ms Madaline Catherine Tan Kim Wah are deemed to have interests in shares of all the subsidiaries to the extent held by the Company.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2017.

Except as disclosed in this report, no other director who held office at the end of the financial year had interests in shares of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Options

No options were issued by the Company during the financial year. As at 31 December 2016, 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) performed the functions specified in 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
24 March 2017

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 2016, 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 Financial Reporting Standards in Singapore (FRSs) 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 2016 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.

Key audit matter

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. For the matter 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 the matter. 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 matter below, provide the basis for our audit opinion on the accompanying financial statements.

<u>Impairment of plant, property and equipment of non-performing restaurants</u>

At 31 December 2016, the carrying value of property, plant and equipment was $6,868,000, which represents 28% of the Group's total assets. The Group operates restaurants in Singapore and China. The Group has certain restaurant outlets that incurred losses during the financial year ended 31 December 2016. Management performed impairment tests on the plant, property and equipment of these outlets. Management determined the recoverable amounts of the property, plant and equipment of these outlets based on value in use calculations. 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.

Key audit matter (cont'd)

Impairment of plant, property and equipment of non-performing restaurants (cont'd)

We assessed the valuation method used by the management and evaluated the 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. We compared the sales growth rates to the industry growth rates. We also reviewed management's sensitivity analysis of the property, plant and equipment carrying amounts to changes in certain key assumptions. Based on the outcome of this impairment test, the Group has recognised an impairment charge of $278,000.

In addition, we assessed the adequacy of the disclosures on the property, plant and equipment, and the assumptions used in the impairment tests and the outcome of the impairment test in Note 3.2 and Note 12 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 FRSs, 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.

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- 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 Tan Peck Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
24 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Revenue	4	**56,823**	51,895
Cost of sales	5	**(48,412)**	(43,612)
Gross profit		**8,411**	8,283
Other income	6	**778**	579
Selling and distribution costs		**(1,058)**	(843)
Administrative expenses		**(3,807)**	(2,878)
IPO expenses		**(931)**	–
Interest expense		**(3)**	(9)
Other expenses	7	**(278)**	(16)
Profit before tax	8	**3,112**	5,116
Income tax expense	10	**(744)**	(854)
Profit for the year, representing profit attributable to the owners of the Company		**2,368**	4,262
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**11**	6
Other comprehensive income for the year, net of tax		**11**	6
Total comprehensive income for the year, representing total comprehensive income attributable to the owners of the Company		**2,379**	4,268
Earnings per share (cents per share)			
Basic and diluted	11	**1.12**	2.18

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group		Company
		2016	2015	**2016**
		$'000	$'000	**$'000**
ASSETS				
Non-current assets				
Property, plant and equipment	12	**6,868**	7,347	**–**
Intangible assets		**2**	2	**–**
Investment in subsidiary	13	**–**	–	**1,165**
Refundable deposits	14	**4,087**	3,811	**–**
Deferred tax assets	10	**62**	5	**–**
		11,019	11,165	**1,165**
Current assets				
Trade receivables	15	**553**	242	**–**
Other receivables	16	**232**	418	**–**
Refundable deposits	14	**1,148**	1,026	**–**
Prepayments		**249**	342	**60**
Amount due from subsidiary	17	**–**	–	**5,535**
Cash and cash equivalents	18	**11,367**	10,290	**3,471**
		13,549	12,318	**9,066**
Total assets		**24,568**	23,483	**10,231**
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	19	**4,669**	4,257	**–**
Other liabilities	21	**1,354**	996	**63**
Provision	22	**211**	300	**–**
Amounts due to directors	20	**1,713**	–	**–**
Loans and borrowings	23	**–**	169	**–**
Provision for taxation		**966**	1,019	**–**
		8,913	6,741	**63**
Net current assets		**4,636**	5,577	**9,003**
Non-current liabilities				
Other payables	19	**313**	384	**–**
Provision	22	**767**	583	**–**
		1,080	967	**–**
Total liabilities		**9,993**	7,708	**63**
Net assets		**14,575**	15,775	**10,168**
Equity attributable to the owners of the Company				
Share capital	24	**8,192**	1,771	**8,192**
Other reserves	25	**11**	–	**–**
Retained earnings		**6,372**	14,004	**1,976**
Total equity		**14,575**	15,775	**10,168**
Total equity and liabilities		**24,568**	23,483	**10,231**

There are no Company level comparative figures as at 31 December 2015 as the Company was incorporated on 31 March 2016.

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2016

	Attributable to owners of the Company				
	Share capital (Note 24)	Statutory reserve fund (Note 25)	Foreign currency translation reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000
Group					
Opening balance at 1 January 2015	1,771	1	(7)	9,742	11,507
Profit for the year	–	–	–	4,262	4,262
Other comprehensive income:					
Foreign currency translation	–	–	6	–	6
Total comprehensive income for the year	–	–	6	4,262	4,268
Closing balance at 31 December 2015	1,771	1	(1)	14,004	15,775
Opening balance at 1 January 2016	**1,771**	**1**	**(1)**	**14,004**	**15,775**
Profit for the year	–	–	–	2,368	2,368
Other comprehensive income:					
Foreign currency translation	–	–	11	–	11
Total comprehensive income for the year	–	–	11	2,368	2,379
Contributions by and distributions to owners					
New shares issued pursuant to the Initial Public Offering ("IPO")	7,518	–	–	–	7,518
IPO expenses capitalised	(491)	–	–	–	(491)
Adjustment arising from restructuring	(606)	–	–	–	(606)
Dividend paid/ payable to the then existing shareholders of a subsidiary (Note 26)	–	–	–	(10,000)	(10,000)
	6,421	–	–	(10,000)	(3,579)
Closing balance at 31 December 2016	**8,192**	**1**	**10**	**6,372**	**14,575**

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

	Share capital (Note 24) $'000	Retained earnings $'000	Total $'000
Company			
Opening balance at 31 March 2016 (date of incorporation)	–	–	–
Contributions by and distributions to owners			
Shares issued pursuant to restructuring exercise	1,165	–	1,165
New shares issued pursuant to the IPO	7,518	–	7,518
Capitalised of IPO expenses	(491)	–	(491)
Profit for the period, representing total comprehensive income for the period	–	1,976	1,976
Closing balance at 31 December 2016	**8,192**	**1,976**	**10,168**

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 2016

	Note	2016 $'000	2015 $'000
Operating activities			
Profit before tax		**3,112**	5,116
Adjustments for:			
Depreciation of property, plant and equipment	8	**2,263**	1,973
Write-off of property, plant and equipment	12	**38**	321
Impairment loss on property, plant and equipment	12	**278**	–
IPO expenses		**931**	–
Interest expense		**3**	9
Interest income		**–**	(42)
Currency realignment		**30**	(4)
Total adjustments		**3,543**	2,257
Operating cash flows before changes in working capital		**6,655**	7,373
Changes in working capital			
Increase in trade and other receivables		**(125)**	(186)
Increase in refundable deposits		**(398)**	(537)
Decrease/(increase) in prepayments		**93**	(218)
Increase in trade and other payables		**341**	622
Increase in other liabilities		**358**	479
Increase/(decrease) in amounts due to directors		**213**	(838)
Total changes in working capital		**482**	(678)
Cash flows from operations		**7,137**	6,695
Income taxes paid		**(854)**	(853)
Interest paid		**(3)**	(9)
Interest received		**–**	42
Net cash flows generated from operating activities		**6,280**	5,875
Investing activities			
Purchase of property, plant and equipment	A	**(2,016)**	(2,772)
Acquisition of shares in a subsidiary	13	**(602)**	–
Net cash flows used in investing activities		**(2,618)**	(2,772)

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

	Note	2016 $'000	2015 $'000
Financing activities			
Repayment of loans and borrowings	23	**(169)**	(203)
Fixed deposits pledged		**–**	265
Dividends paid to the then existing shareholders of a subsidiary		**(8,500)**	–
Gross proceeds from initial public offering	24	**7,518**	–
IPO expenses		**(1,422)**	–
Net cash flows (used in)/generated from financing activities		**(2,573)**	62
Net increase in cash and cash equivalents		**1,089**	3,165
Effects of exchange rate changes on cash and cash equivalents		**(12)**	1
Cash and cash equivalents at 1 January		**10,290**	7,124
Cash and cash equivalents at 31 December	18	**11,367**	10,290

A. Property, plant and equipment

	Note	2016 $'000	2015 $'000
Current year additions to property, plant and equipment	12	**(2,111)**	(2,843)
Less: Provision for restoration cost		**95**	71
Net cash outflow for purchase of property, plant and equipment		**(2,016)**	(2,772)

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

1. Corporate information

1.1 *The Company*

The Company was incorporated on 31 March 2016 under the Companies Act as a private company limited by shares under the name of Katrina Group Pte. Ltd..

The Company was incorporated for the purpose of acquiring the existing operating entity, Katrina Holdings Pte Ltd. pursuant to the Restructuring Exercise as disclosed in Note 1.2. On 9 July 2016, the Company was converted to a public limited company and changed its name to Katrina Group Ltd..

The registered office and principal place of business of the Company is located at 1 Sims Lane, #05-05 One Sims Lane, Singapore 387355.

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

1.2 *The Restructuring Exercise*

A restructuring exercise was carried out to streamline and rationalise the Group structure in connection with the placement (the “Restructuring Exercise”). The following steps were taken pursuant to the Restructuring Exercise:

(a) Incorporation of the Company

The Company was incorporated on 31 March 2016 with an initial share capital of $2 comprising one share held by each of Mr Alan Goh Keng Chian and Ms Madaline Catherine Tan Kim Wah.

(b) Acquisition of Katrina Holdings Pte. Ltd. by the Company

Pursuant to a Restructuring Agreement dated 30 June 2016 entered into between the Company and the then shareholders of Katrina Holdings Pte. Ltd. (“KHPL”), namely Mr Alan Goh Keng Chian and Ms Madaline Catherine Tan Kim Wah, the Company acquired the entire issued and paid-up share capital of KHPL for a consideration of $1,165,000 which was determined based on the amount of issued and paid-up capital of KHPL as at the date of the Restructuring Agreement. The consideration was satisfied by the allotment and issue of 1,165,004 new shares of the Company.

(c) Sub-division of shares

On 11 July 2016, 1,165,006 shares in the capital of the Company were sub-divided into 195,721,008 shares (the “Sub-Division”).

Pursuant to the completion of the Restructuring Exercise, KHPL became a wholly owned subsidiary of the Company.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

Although the Company was incorporated subsequent to 31 December 2015 upon which the Restructuring Exercise was completed in July 2016, the financial statements presented for the financial years ended 31 December 2015 and 2016 are that of the Company and its subsidiaries prepared in accordance with RAP 12 Merger Accounting for Common Control Combinations in the absence of a Standard or an Interpretation that specifically applies to the business combination of the Company and its subsidiaries. In substance, the Group is a continuation of Katrina Holdings Pte. Ltd.. Accordingly, the combined financial statements of the Group for the year ended 31 December 2015 have been presented as if the Group had been in existence since then and the assets and liabilities of the combining entities are brought into the combined financial statements at their existing carrying amounts. The retained earnings recognised in the combined financial statements are the retained earnings of Katrina Holdings Pte. Ltd. Any difference between the consideration paid/transferred and the share capital of the subsidiary is reflected within equity as merger reserve.

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 (“FRS”).

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

The financial statements are presented in Singapore Dollars (“SGD” or “$”) and all values in the tables are rounded to the nearest thousand (“$’000”), except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that 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 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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 FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (December 2016)	
Amendments to FRS 112 *Disclosure of Interest in Other Entities*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019

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

2.3 *Standards issued but not yet effective (cont'd)*

Except for FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

<u>FRS 116 Leases</u>

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

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.

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.

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

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

(b) *Business combinations*

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 deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the later amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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.

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

2.5 *Foreign currency (cont'd)*

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	5 years
Kitchen, office and restaurant equipment	5 years
Renovation	5 years
Motor vehicle	5 years
Freehold property	25 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

2.7 *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.

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

2.7 *Impairment of non-financial assets (cont'd)*

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.

2.8 *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.

2.9 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the 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 is recognised in profit or loss.

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

2.9 *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 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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.10 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

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

2.10 *Impairment of financial assets (cont'd)*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand and fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 *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.

2.13 *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. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.14 *Borrowing costs*

Borrowing costs are capitalised as part of the cost 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. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.15 *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.

The subsidiary incorporated in the People's Republic of China ("PRC") is required to provide certain staff pension benefits to their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by PRC legislation and are contributed to a pension fund managed by government agencies, which are responsible for paying pensions to the PRC subsidiary's retired employees.

(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.

2.16 *Leases*

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Revenue from restaurant operations*

Revenue from restaurant operations is recognised upon the transfer of significant risk and rewards of ownership, i.e. when the food and beverages are delivered.

(b) *Interest income*

Interest income is recognised using the effective interest method.

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

2.18 *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.

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.

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

2.18 *Taxes (cont'd)*

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

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.

2.19 *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.

2.20 *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.

3. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management is of the opinion that there is no significant judgement made in applying accounting policies.

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 the premises. 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 provision for restoration costs of the Group as at 31 December 2016 were $978,000 (2015: $883,000). If the estimated provision had been 5% higher/lower than management's estimate, the carrying amount of the provision would have been $49,000 (2015: $44,000) higher/ lower for the Group.

(b) *Impairment of property, plant and equipment*

The Group assesses whether there are any indicators of impairment for property, plant and equipment at the end of each reporting period. 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 of loss making outlets by considering factors such as the maturity of the outlets and operational strategies.

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 restaurants. If the forecasted revenue for the restaurants had been lowered by 7% (2015: 1%), the impairment amount would have been $33,000 (2015: $47,000) higher.

4. Revenue

Revenue represents sales of food and beverage, net of discount, in the normal course of business.

5. Cost of sales

Cost of sales mainly comprises of food and beverages cost, payroll cost of restaurant employees, restaurants rental and utilities expenses and other restaurant support costs.

6. Other income

	Group	
	2016	2015
	$'000	$'000
Government grant		
- PIC bonus	**14**	6
- SME cash grant	**71**	–
- Special employment credit	**102**	95
- Wage credit scheme	**198**	213
- Workplace health promotion grant	**–**	20
- Temporary employment credit	**100**	65
- Singapore Workforce Development Agency funding	**65**	19
- Max Talent Place-and-Train Programme grant	**–**	5
Interest income on fixed deposits	**–**	42
Compensation income from landlord in respect of early termination of operating lease	**–**	65
Marketing incentive from beverage suppliers	**133**	9
Others	**95**	40
	778	579

The Wage Credit Scheme ("WCS") forms part of the Transition Support Package announced in Budget 2013. The Government extended the WCS for two more years, until 2017, to give businesses more time to adjust to rising wages in the tight labour market. Under this extended scheme, the Government co-funds 20% (2013-2015: 40%) of the wage increases given to the Group's Singaporean employees earning a gross monthly wage of $4,000 and below.

7. Other expenses

	Group	
	2016	2015
	$'000	$'000
Impairment loss on property, plant and equipment	**278**	–
Others	**–**	16
	278	16

8. Profit before tax

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

	Group	
	2016	2015
	$'000	$'000
Audit fees:		
- Auditor of the Company*	**129**	90
- Other auditors	**46**	–
Non-audit fees:		
- Auditor of the Company	**55**	–
- Other auditors	**–**	11
Depreciation of property, plant and equipment (Note 12)	**2,263**	1,973
Employee benefits	**19,855**	17,456
Professional fees	**152**	330
Fixed rental expense on operating leases	**12,812**	11,362
Contingent rental expense on operating leases	**618**	562
Write-off of property, plant and equipment (Note 12)	**38**	321

* In addition to the fees disclosed, the Group paid S$130,000 (2015: Nil) to the Auditors of the Company relating to the Initial Public Offering exercise of the Company during the year.

9. Employee benefits

	Group	
	2016	2015
	$'000	$'000
Employee benefits expenses (including director's remuneration):		
Salaries, bonuses and other costs	**16,261**	14,211
Central Provident Fund and other pension costs	**1,288**	1,386
Other personnel costs	**2,306**	1,859
	19,855	17,456

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

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group	
	2016	2015
	$'000	$'000
Consolidated statement of comprehensive income:		
Current income tax		
- Current year	**801**	869
Deferred income tax		
- Current year	**(57)**	(12)
- Over provision in respect of previous years	**–**	(3)
Income tax expense recognised in the consolidated statements of comprehensive income	**744**	854

Relationship between tax expense and profit before tax

A reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Group	
	2016	2015
	$'000	$'000
Profit before tax	**3,112**	5,116
Tax at the domestic rates applicable to profits in the countries where the Group operates	**490**	836
Adjustments:		
Non-deductible items	**469**	320
Income not subject to taxation	**(10)**	–
Effects of partial tax exemption	**(206)**	(298)
Over provision in prior year	**–**	(3)
Deferred tax assets not recognised	**3**	2
Others	**(2)**	(3)
Total income tax expense	**744**	854

The Company and its subsidiaries

The Company and its Singapore subsidiaries are subjected to a tax rate of 17% for the years under review. Beijing BaliThai Restaurants Co., Ltd. is subjected to a tax rate of 25%. No provision for income tax has been made for Bayang At The Quay Pte. Ltd. as it has no taxable income for the financial years ended 31 December 2016 and 2015.

10. Income tax expense (cont'd)

Deferred tax

Deferred tax as at 31 December relates to the following:

	Statements of financial position		Consolidated statement of comprehensive income	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Group				
Deferred tax (assets)/liabilities				
Differences in depreciation for tax purposes	**175**	163	**12**	20
Deferred rental expense	**(154)**	(78)	**(76)**	(24)
Provision for restoration cost	**(83)**	(90)	**7**	(11)
	(62)	(5)	**(57)**	(15)

11. Earnings per share

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

	Group	
	2016	2015
	$'000	$'000
Profit for the year attributable to owners of the Company	**2,368**	4,262
	No. of shares	No. of shares
	$'000	$'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**211,316**	195,721

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

12. Property, plant and equipment

	Computers $'000	Freehold property $'000	Furniture and fittings $'000	Kitchen and restaurant equipment $'000	Motor vehicle $'000	Office equipment $'000	Renovation $'000	Total $'000
Group								
Cost								
At 1 January 2015	512	1,450	738	1,606	60	33	7,446	11,845
Additions	124	–	175	429	–	–	2,115	2,843
Written-off	(18)	–	(67)	(87)	–	(19)	(536)	(727)
Currency alignment	1	–	1	1	–	–	9	12
At 31 December 2015 and 1 January 2016	619	1,450	847	1,949	60	14	9,034	13,973
Additions	111	–	132	304	–	1	1,563	2,111
Written-off	(23)	–	(2)	(20)	–	–	(98)	(143)
Currency alignment	(3)	–	(2)	(5)	–	–	(15)	(25)
At 31 December 2016	704	1,450	975	2,228	60	15	10,484	15,916
Accumulated depreciation:								
At 1 January 2015	317	184	398	642	36	31	3,448	5,056
Charge for the year	141	58	127	329	12	1	1,305	1,973
Written-off	(17)	–	(46)	(51)	–	(19)	(273)	(406)
Currency alignment	–	–	–	–	–	–	3	3
At 31 December 2015 and 1 January 2016	441	242	479	920	48	13	4,483	6,626
Charge for the year	118	58	143	357	12	1	1,574	2,263
Written-off	(22)	–	(2)	(14)	–	–	(67)	(105)
Impairment loss	3	–	5	14	–	–	256	278
Currency alignment	(2)	–	(1)	(3)	–	–	(8)	(14)
At 31 December 2016	538	300	624	1,274	60	14	6,238	9,048
Net carrying amount:								
At 31 December 2015	178	1,208	368	1,029	12	1	4,551	7,347
At 31 December 2016	166	1,150	351	954	–	1	4,246	6,868

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

Restoration costs

Included in the carrying amount of renovations is provision for restoration cost of $359,000 (2015: $295,000).

Asset pledged as security

In the previous financial year, the Group's freehold property with a net carrying amount of $1,208,000 was subjected to a legal mortgage to secure the Group's banking facilities (Note 23).

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 assess impairment of property, plant and equipment of loss making restaurants by considering factors such as the maturity of the restaurants and operational strategies.

The recoverable amount of the property, plant and equipment relating to restaurants with indicators of impairment were determined based on their value in use and the pre-tax discount rate used was between 11% to 14% (2015: 10%). The management has assessed that the growth rate of the relevant restaurants ranged from 4% to 10% (2015: 2% to 15%) per annum.

An impairment loss of $278,000 (2015: Nil), representing the write down of these plant and equipment to the recoverable amount was recognised in "Other expenses" (Note 7) line item of profit and loss for the financial year ended 31 December 2016.

Assets written off

Property, plant and equipment amounting to $38,000 (2015: $321,000) were written off mainly due to closure or planned closure of restaurants. These amounts are included in "Cost of Sales".

13. Investment in subsidiaries

The Group has investment in the following subsidiaries as at the year end:

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
				2016	2015
	Held by the Company				
(1)	Katrina Holdings Pte.Ltd. ("KHPL")	Singapore	Investment holding and restaurants operator	**100**	100
	Held by Katrina Holdings Pte. Ltd.				
(1)	Bali Thai Food Catering Pte. Ltd.	Singapore	Provision of services to related companies	**100**	100
(1)	Bayang At The Quay Pte. Ltd.	Singapore	Restaurant operator	**100**	100
(1)	Renn Thai Pte Ltd	Singapore	Restaurant operator	**100**	100
(2)	Hutong (CQ) Pte. Ltd.	Singapore	Dormant	**–**	90
(3),(4)	Beijing BaliThai Restaurants Co., Ltd. ("BJBT")	China	Restaurant operator	**100**	100
(5)	Katrina Online Pte. Ltd.	Singapore	Dormant	**100**	–
(6)	Katrina Holdings Sdn. Bhd.	Malaysia	Dormant	**100**	–

(1) Audited by Ernst & Young LLP, Singapore

(2) Deregistered on 6 June 2016

(3) Audited by Ernst & Young Hua Ming LLP, Shanghai Branch for consolidation purposes

(4) On 1 January 2016, the entire equity interest in BJBT held on trust by KHPL in favour of Mr Alan Goh Keng Chian and Ms Madaline Catherine Tan Kim Wah were acquired by KHPL for a cash consideration of $602,000.

(5) Incorporated on 15 April 2016 with an issued and paid up capital of $1

(6) Incorporated on 17 June 2016 with an issued and paid up capital of Malaysian Ringgit 1. The entire equity interest is held on trust by Mr Alan Goh Keng Chian and Ms Madaline Catherine Tan Kim Wah in favour of KHPL.

As mentioned in Note 1.2, pursuant to the Restructuring Exercise, the acquisition of KHPL was completed during the financial year ended 31 December 2016 via the allotment and issue of 1,165,004 ordinary shares of the Company. Subsequently, the shares were sub-divided into 195,721,008 ordinary shares.

14. Refundable deposits

	Group	
	2016	2015
	$'000	$'000
Current		
Refundable rental deposits	**1,067**	924
Utilities deposits	**65**	70
Other refundable deposits	**16**	32
	1,148	1,026
Non-current		
Refundable rental deposits	**3,754**	3,511
Utilities deposits	**231**	237
Other refundable deposits	**102**	63
	4,087	3,811
Total refundable deposits	**5,235**	4,837

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

15. Trade receivables

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

Trade receivables that are past due but not impaired

The Group has no trade receivables that are past due but not impaired at the end of each of the reporting period.

16. Other receivables

	Group		Company
	2016	2015	**2016**
	$'000	$'000	**$'000**
Grants receivables	**221**	289	**–**
Other debtors	**11**	129	**–**
Total other receivables	**232**	418	**–**
Add:			
- Trade receivables	**553**	242	**–**
- Refundable deposit	**5,235**	4,837	**–**
- Amount due from subsidiaries	**–**	–	**5,535**
- Cash and cash equivalents	**11,367**	10,290	**3,471**
Total loans and receivables	**17,387**	15,787	**9,006**

Grants receivables of the Group mainly relate to payroll-related grants.

17. Amount due from subsidiary

Amount due from subsidiary is non-trade related, unsecured, non-interest bearing, repayable upon demand.

18. Cash and cash equivalents

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

19. Trade and other payables

	Group		Company
	2016	2015	**2016**
	$'000	$'000	**$'000**
Current			
Trade payables	**1,583**	1,456	**–**
Other payables:			
CPF and salaries payables	**1,826**	1,627	**–**
GST payable	**489**	442	**–**
Deferred rental payable	**196**	121	**–**
Other creditors	**575**	611	**–**
	4,669	4,257	**–**
Non-current			
Deferred rental expense	**313**	384	**–**
Total trade and other payables	**4,982**	4,641	**–**
Add:			
- Other liabilities (Note 21)	**1,354**	996	**63**
- Bank term loan (Note 23)	**–**	169	**–**
- Amounts due to directors	**1,713**	–	**–**
Less:			
- GST payable	**(489)**	(442)	**–**
- Deferred rental payable	**(509)**	(505)	**–**
Total financial liabilities carried at amortised cost	**7,051**	4,859	**63**

Trade and other payables

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

Deferred rental payable

The deferred rental balance represents a deferred rental liability resulting from the straight-lining effect of the operating lease payments.

20. Amounts due to directors

The amounts due to directors are non-trade related, unsecured, non-interest bearing, repayable upon demand.

21. Other liabilities

	Group		Company
	2016	2015	**2016**
	$'000	$'000	**$'000**
Accrued operating expenses	**449**	325	**63**
Accrued bonus	**679**	516	**–**
Advances received from customers	**15**	3	**–**
Accrued unconsumed leave	**211**	152	**–**
	1,354	996	**63**

22. Provision

Provision for restoration costs refer to the estimated cost of restoring the leased properties.

Movements in provision for restoration costs:

	Group	
	2016	2015
	$'000	$'000
At 1 January	**883**	812
Additions	**126**	140
Utilisation	**(31)**	(69)
At 31 December	**978**	883
Current	**211**	300
Non-Current	**767**	583
At 31 December	**978**	883

23. Loans and borrowings

The bank term loan, secured by a legal mortgage and pledge of the Group's freehold property, fixed deposits and guaranteed jointly and severally by the directors, was fully repaid during the year. It bore an interest rate of 2.50% per annum over the bank's 3 months SWAP offer rate.

24. Share capital

	Group				Company	
	2016		2015		**2016**	
	No. of shares '000	**$'000**	No. of shares '000	$'000	**No. of shares**	**$**
Issued and fully paid ordinary shares:						
At 1 January	**1,165**	**1,771**	1,165	1,771	**–**	**–**
Adjustment arising from restructuring	**–**	**(606)**	–	–	**–**	**–**
On incorporation	**–**	**–**	–	–	**2**	**2**
Issue of shares for acquisition of Katrina Holdings Pte. Ltd.	**–**	**–**	–	–	**1,165,004**	**1,165,004**
	1,165	**1,165**	1,165	1,771	**1,165,006**	**1,165,006**
					No. of shares '000	**$'000**
Sub-division of shares pursuant to restructuring exercise	**195,721**	**1,165**	–	–	**195,721**	**1,165**
Shares issued pursuant to IPO	**35,800**	**7,518**	–	–	**35,800**	**7,518**
IPO expenses capitalised	**–**	**(491)**	–	–	**–**	**(491)**
At 31 December	**231,521**	**8,192**	1,165	1,771	**231,521**	**8,192**

As disclosed in Note 1.2, the Company was incorporated subsequent to 31 December 2015. Accordingly, the share capital of the Group as at 31 December 2015 and 1 January 2016 refers to the paid-up capital of Katrina Holdings Pte. Ltd. and Beijing BaliThai Restaurants Co., Ltd..

The Company was incorporated on 31 March 2016 with an initial share capital of $2 comprising one share held by each of Mr Alan Goh Keng Chian and Ms Madaline Catherine Tan Kim Wah. Pursuant to the Restructuring Exercise, the Company acquired the entire issued and paid-up capital of Katrina Holdings Pte. Ltd. for a consideration of $1,165,000. The consideration was satisfied by the allotment and issue of 1,165,004 new shares of the Company. Subsequently, 1,165,006 shares in the capital of the Company were sub-divided into 195,721,008 shares.

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.

25. Reserves

	Group	
	2016	2015
	$'000	$'000
Statutory reserve fund	**1**	1
Foreign currency translation reserve	**10**	(1)
	11	–

25. Reserves (cont'd)

(a) ***Statutory reserve fund***

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China (PRC), the subsidiary is required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(b) ***Foreign currency translation reserve***

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

26. Dividends

	Group and Company	
	2016	2015
	$'000	$'000
Declared during the financial year:		
Dividend on ordinary shares:		
- Final exempt dividends in respect of 2015: $8.58 per share on KHPL's share capital comprising 1,165,004 shares	**10,000**	–
Proposed but not recognised as liabilities as at 31 December:		
Dividend on ordinary shares, subject to shareholders' approval at AGM:		
- Final exempt dividends in respect of 2016: 0.61 cents per share	**1,412**	–

27. 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	
	2016	2015
	$'000	$'000
Directors		
Advances from/(repayment of advances), net	213	(163)

27. Related party transactions (cont'd)

(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	
	2016	2015
	$'000	$'000
Directors' Fees	**74**	–
Salaries, bonuses and other costs	**1,022**	463
Central Provident Fund and other pension costs	**38**	41
Other short-term benefits	**13**	–
	1,147	504
Comprise amounts paid to:		
Directors of the Company	**978**	464
Other key management personnel	**169**	40
	1,147	504

28. Commitments

The Group has entered into commercial leases relating to the restaurant premises. These non-cancellable leases have remaining non-cancellable lease terms of 1 to 3 years. Lease terms do not contain restriction on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $12,812,000 (2015: $11,362,000).

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

	Group	
	2016	2015
	$'000	$'000
Not later than one year	12,561	11,861
Later than one year but not later than five years	14,056	12,960
	26,617	24,821

Under the terms of certain lease arrangements, the Group is required to pay a 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 27 (2015: 23) lease arrangement increases over the lease terms. Contingent rental expenses on operating leases recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $618,000 (2015: $562,000).

29. Fair value of financial instruments

The Group categories 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 use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The carrying amount of 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. Fair value of non-current refundable deposits are not expected to be materially different from their carrying amount as the remaining lease terms are not more than 3 years. 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.

At the reporting period, the Group does not have any financial instruments carried at fair value.

30. 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 and liquidity 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 years, the Group’s policy that no trading in derivatives for speculative purposes shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

The following sections provide details regarding the Group’s exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group’s exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group’s exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash balances), the Group minimises 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. Credit policies with guidelines on credit terms and limits set the basis for risk control. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

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

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

Exposure to credit risk

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

Credit risk concentration profile

The Group has no significant concentration of credit risk. Trade receivables are spread over a broad base of customers and mainly relate to receivables from credit card sales.

Credit risk with respect to trade receivables is minimal as the Group's revenue is mainly generated from cash and credit card sales.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed trade receivables (Note 15).

(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.

30. 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 $'000	One to five years $'000	Total $'000
Group			
2016			
Financial assets:			
Trade receivables	**553**	**–**	**553**
Other receivables	**232**	**–**	**232**
Refundable deposits	**1,148**	**4,087**	**5,235**
Cash and cash equivalents	**11,367**	**–**	**11,367**
Total undiscounted financial assets	**13,300**	**4,087**	**17,387**
Financial liabilities:			
Trade and other payables	**3,984**	**–**	**3,984**
Other liabilities	**1,354**	**–**	**1,354**
Amounts due to directors	**1,713**	**–**	**1,713**
Total undiscounted financial liabilities	**7,051**	**–**	**7,051**
Total net undiscounted financial assets	**6,249**	**4,087**	**10,336**
2015			
Financial assets:			
Trade receivables	242	–	242
Other receivables	418	–	418
Refundable deposits	1,026	3,811	4,837
Cash and cash equivalents	10,290	–	10,290
Total undiscounted financial assets	11,976	3,811	15,787
Financial liabilities:			
Trade and other payables	3,694	–	3,694
Other liabilities	996	–	996
Loans and borrowings	172	–	172
Total undiscounted financial liabilities	4,862	–	4,862
Total net undiscounted financial assets	7,114	3,811	10,925

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

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

	One year or less $'000
Company	
2016	
Financial assets:	
Amounts due from subsidiary	**5,535**
Cash and cash equivalents	**3,471**
Total undiscounted financial assets	**9,006**
Financial liability:	
Other liabilities	63
Total undiscounted financial liability	63
Total net undiscounted financial assets	8,943

31. Capital management

Capital includes debt and equity items as disclosed in the table below.

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.

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 2016 and 2015.

As disclosed in Note 25(a), a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 31 December 2015 and 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and short-term deposits. Capital comprises equity attributable to the owners of the Company less the abovementioned restricted statutory reserve fund.

31. Capital management (cont'd)

	Group	
	2016	2015
	$'000	$'000
Loans and borrowings (Note 23)	**–**	169
Trade and other payables	**4,473**	4,136
Less: cash and cash equivalents (Note 18)	**(11,367)**	(10,290)
Net cash	**(6,894)**	(5,985)
Equity attributable to the owners of the Company, representing total capital	**14,575**	15,775
Less: Statutory reserve fund	**(1)**	(1)
Total capital	**14,574**	15,774
Gearing ratio	**N.A.**	N.A.

32. Segment information

Reportable segment

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the restaurant business which forms the basis of identifying the operating segments of the Group under FRS 108 Operating Segments. Management considers the aggregated restaurant business as a single operating segment.

Geographical information

The Group operates in Singapore and People's Republic of China.

The following table provides an analysis of the Group's revenue from external customers based on the geographical location where revenue is generated:

	Group Sales revenue by geographical market	
	2016	2015
	$'000	$'000
Singapore	**54,941**	49,508
People's Republic of China	**1,882**	2,387
	56,823	51,895

32. Segment information (cont'd)

Non-current assets information presented below consist of property, plant and equipment and intangible assets presented in the consolidated statement of financial position:

	Group Non-current assets geographical market	
	2016 **$'000**	2015 $'000
Singapore	**6,798**	7,099
People's Republic of China	**72**	250
	6,870	7,349

33. Authorisation of financial statements for issue

The financial statements of the Group for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 24 March 2017.

ISSUED AND FULLY PAID-UP CAPITAL	:	S$8,683,006
NO. OF SHARES ISSUED	:	231,521,008
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ON A SHOW OF HANDS : 1 VOTE
	:	ON A POLL : 1 VOTE FOR EACH ORDINARY SHARE
NO. OF TREASURY SHARES	:	NIL

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0	0	0.00
100 - 1,000	26	3.54	18,000	0.01
1,001 - 10,000	227	30.93	1,696,200	0.73
10,001 - 1,000,000	476	64.85	29,908,300	12.92
1,000,001 and ABOVE	5	0.68	199,898,508	86.34
TOTAL	**734**	**100.00**	**231,521,008**	**100.00**

TOP TWENTY SHAREHOLDERS AS AT 17 MARCH 2017

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES*
1.	ALAN GOH KENG CHIAN	97,860,504	42.27
2.	MADALINE CATHERINE TAN KIM WAH	97,860,504	42.27
3.	OCBC SECURITIES PRIVATE LTD	1,875,000	0.81
4.	SOH KIAN THIAM	1,200,000	0.52
5.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,102,500	0.48
6.	RAFFLES NOMINEES (PTE) LTD	986,700	0.43
7.	SASIKUMARAN PILLAI S/O MANMATHAN PILLAI	864,000	0.37
8.	MAYBANK KIM ENG SECURITIES PTE LTD	817,900	0.35
9.	CHONG KIN WAI	740,000	0.32
10.	DBS NOMINEES PTE LTD	698,400	0.30
11.	JAMES ALVIN LOW YIEW HOCK	585,000	0.25
12.	CITIBANK NOMINEES SINGAPORE PTE LTD	553,000	0.24
13.	OW BAN EE	500,000	0.22
14.	LIM BOON KER	400,000	0.17
15.	LOH HUNG SING	400,000	0.17
16.	DBS VICKERS SECURITIES (S) PTE LTD	381,600	0.16
17.	HU WENYUAN	324,600	0.14
18.	UOB KAY HIAN PTE LTD	320,000	0.14
19.	GOH SHEN SHU DONOVAN	291,200	0.13
20.	ANG CHAI CHENG	280,000	0.12
	TOTAL	**208,040,908**	**89.86**

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 17 March 2017 of 231,521,008 shares.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2017

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 17 March 2017, the percentage of shareholdings held in the hands of the public was approximately 15.34% and Rule 723 of the Listing Manual Section B: Rule of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2017

	SHAREHOLDINGS BENEFICIALLY HELD BY THE SUBSTANTIAL SHAREHOLDER		OTHER SHAREHOLDINGS IN WHICH THE SUBSTANTIAL SHAREHOLDER IS DEEMED TO HAVE AN INTEREST	
SUBSTANTIAL SHAREHOLDER	**NO. OF SHARES**	**PERCENTAGE (%)[1]**	**NO. OF SHARES**	**PERCENTAGE (%)[1]**
Alan Goh Keng Chian	97,860,504	42.27	97,860,504[2]	42.27
Madaline Catherine Tan Kim Wah	97,860,504	42.27	97,860,504[3]	42.27

NOTES:

(1) Based on total issued and paid-up ordinary share capital comprising 231,521,008 Shares as at 17 March 2017.

(2) Mr Alan Goh Keng Chian is deemed to be interested in 97,860,504 shares held by his spouse, Ms Madaline Catherine Tan Kim Wah in the capital of the Company.

(3) Ms Madaline Catherine Tan Kim Wah is deemed to be interested in 97,680,504 shares held by her spouse, Mr Alan Goh Keng Chian in the capital of the Company.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Katrina Group Ltd. (the "**Company**") will be held at 4 Robinson Road, #04-01 The House of Eden, Singapore 048543 on Friday, 21 April 2017 at 1.00 p.m. (the "**AGM**") to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016 together with the Auditor's Report thereon. **Resolution 1**

2. To declare a one-tier tax-exempt final dividend of 0.61 cents per share for the financial year ended 31 December 2016. **Resolution 2**

3. To note the retirement of Mr Ang Miah Khiang, a Director who is retiring pursuant to Regulation 122 of the Company's Constitution and who is not seeking re-election.

   [See Explanatory Note (i)]

4. To re-elect the following Directors of the Company retiring pursuant to Regulation 122 of the Company's Constitution:-

   (a) Mr Alan Goh Keng Chian; **Resolution 3**
   (b) Ms Madaline Catherine Tan Kim Wah; **Resolution 4**
   (c) Mr Chow Wen Kwan; and **Resolution 5**
   (d) Mr Eric Low Siak Meng. **Resolution 6**

   [See Explanatory Note (ii)]

5. To approve the payment of Directors' fees of S$74,150.68 for the financial year ended 31 December 2016. **Resolution 7**

6. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and authorise the Directors of the Company to fix their remuneration. **Resolution 8**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST")** **Resolution 9**

   That pursuant to Section of 161 of the Companies Act, Chapter 50 and Rule 806 of Catalist Rules of 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) save as provided in sub-paragraph (2) below, 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 (as calculated in accordance with sub-paragraph (3) below) or any such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

(2) The aggregate number of Shares to be issued other than a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance to this Resolution) shall not exceed 50 percent of the total number of issued Shares, excluding treasury shares (as calculated in accordance with the sub-paragraph (3) below) or any such other limits as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

(3) (subject to such manner of calculation and adjustments as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) and (2) above, the total number of issued Shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provision of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50, and otherwise, and the Company's Constitution for the time being; and

(5) 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 annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

By Order of the Board

Wee Woon Hong
Company Secretary

Singapore,
6 April 2017

Explanatory Notes:

(i) Mr Ang Miah Khiang will, upon retirement as a Director of the Company, be relinquishing his position as Lead Independent Director of the Board, Chairman of Audit Committee and member of Nominating and Remuneration Committees.

(ii) Mr Alan Goh Keng Chian will, upon re-election as a Director of the Company, remain as an Executive Chairman and Chief Executive Officer.

Ms Madaline Catherine Tan Kim Wah will, upon re-election as a Director of the Company, remain as an Executive Director.

Mr Chow Wen Kwan will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and member of Audit and Nominating Committees and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

Mr Eric Low Siak Meng will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and member of Audit and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

(iii) The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting 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:-

a. A shareholder of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.

b. Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.

c. The instrument appointing a proxy, duly executed, must be deposited at the Company's Registered Office at 1 Sims Lane, #05-05 One Sims Lane, Singapore 387355 not less than 72 hours before the time appointed for holding the AGM.

d. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

e. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 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

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member'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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (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**"), (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 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, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

KATRINA GROUP LTD.

(Company Registration No. 201608344N)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. An Investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SPS Approved Nominees to appoint the Chairman of the AGM to act as their proxy. In which case, the CPF and SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this form)

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

of ____ (Address)

being a member/members of Katrina Group Ltd. (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**AGM**") of the Company to be held at 4 Robinson Road, #04-01 The House of Eden, Singapore 048543 on Friday, 21 April 2017 at 1.00 p.m. and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

☐ Please tick here if more than two proxies will be appointed (Please refer to note 3). This only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

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

No.	Resolutions	For	Against
	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 2016 together with the Auditor's Report thereon		
2.	Proposed final dividend for the financial year ended 31 December 2016		
3.	Re-election of Mr Alan Goh Keng Chian as a Director		
4.	Re-election of Ms Madaline Catherine Tan Kim Wah as a Director		
5.	Re-election of Mr Chow Wen Kwan as a Director		
6.	Re-election of Mr Eric Low Siak Meng as a Director		
7.	Approval of payment of Directors' Fees of S$74,150.68 for the financial year ended 31 December 2016		
8.	Re-appointment of Messrs Ernst & Young LLP as the Auditors and authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
9.	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" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate)

Dated this __________ day of ______________, 2017

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. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the AGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second name proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 1 Sims Lane, #05-05 One Sims Lane, Singapore 387355 not less than 72 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be executed 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.

7. 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.

8. A corporation which is a member may authorise by a 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.

9. 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 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 an 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 6 April 2017.

KATRINA GROUP LTD.

Annual Report 2016

Katrina
GROUP LTD.

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

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