CIRCULAR DATED 19 NOVEMBER 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Katrina Group Ltd. (the "**Company**") held through the Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as CDP will arrange for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company ("**Shares**") which are not deposited with CDP, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached proxy form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer of Shares was effected for onward transmission to the purchaser or the transferee.

Your attention is drawn to the section entitled "Risk Factors Relating to the Proposed Diversification" of this Circular, which you should review carefully.

This Circular 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**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular.

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

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (65) 6415 9886.

Katrina GROUP LTD.

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(1) THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE THE HOSPITALITY BUSINESS

(2) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF STRAITS ORGANIZATION PTE. LTD.

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	1 December 2018 at 1.00 p.m.
Date and time of Extraordinary General Meeting	:	4 December 2018 at 1.00 p.m.
Place of Extraordinary General Meeting	:	4 Robinson Road, #04-01 The House of Eden, Singapore 048543

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Associate"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Board"	:	The board of directors of the Company as at the date of this Circular
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"CEO"	:	Chief Executive Officer
"CFO"	:	Chief Financial Officer
"Circular"	:	This circular to Shareholders dated 19 November 2018 in relation to the Proposed Diversification
"Company"	:	Katrina Group Ltd.
"Constitution"	:	The constitution of the Company, as amended or modified from time to time

"Control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
"Controlling Shareholder"	:	A person (including a corporation) who: (a) holds directly or indirectly 15% or more of the total number of Shares in the Company; or (b) in fact exercises Control over the Company
"CPF"	:	The Central Provident Fund
"CPF Approved Nominees"	:	Agent banks included under the CPFIS
"CPFIS"	:	Central Provident Fund Investment Scheme
"Current Core Business"	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
"Directors"	:	The directors of the Company as at the date of this Circular
"EGM"	:	The extraordinary general meeting of the Company to be held on 4 December 2018 at 1.00 p.m., the notice of which is set out on page 23 of this Circular
"F&B"	:	Food and beverage
"FY"	:	Financial year of the Company ended or ending 31 December (as the case may be)
"Group"	:	The Company and its subsidiary
"Hospitality Business"	:	The business of the operation and management of affordable diverse accommodation solutions, such as serviced residences and co-living hotels, as more particularly described in paragraph 2.2 of this Circular
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Circular, being 13 November 2018
"Proposed Diversification"	:	The diversification of the Group's business to include the Hospitality Business
"Securities Account"	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share(s)"	:	Ordinary share(s) in the share capital of the Company

"Shareholders"	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
"SRS"	:	Supplementary Retirement Scheme
"Substantial Shareholder"	:	A person (including a corporation) who holds directly or indirectly 5% or more of the total number of Shares in the Company

Currencies, Units and Others

"S$"	:	Singapore dollar
"%" or "per cent"	:	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term "**subsidiary**" shall have the same meaning ascribed to it in Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Act, the SFA, the Catalist Rules or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to a time of day and to dates in this Circular is made by reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

KATRINA GROUP LTD.

(Company Registration Number: 201608344N)
(Incorporated in the Republic of Singapore)

Board of Directors	**Registered Office**
Alan Goh Keng Chian *(Executive Chairman and CEO)*	100 Beach Road
Madaline Catherine Tan Kim Wah *(Executive Director)*	#16-09/13 Shaw Tower
Mah How Soon *(Lead Independent Director)*	Singapore 189702
Eric Low Siak Meng *(Independent Director)*	
Chow Wen Kwan *(Independent Director)*	19 November 2018

To: The Shareholders of Katrina Group Ltd.

Dear Sir/Madam

(1) **PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE THE HOSPITALITY BUSINESS**
(2) **THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF STRAITS ORGANIZATION PTE. LTD.**

1. INTRODUCTION

On 13 November 2018, the Company announced the entering into a sale and purchase agreement ("**SPA**") with Alan Goh Keng Chian for the proposed acquisition of the entire issued share capital of Straits Organization Pte. Ltd. ("**SOPL**") ("**Proposed Acquisition**"). In the same announcement, the Company announced that in connection with the Proposed Acquisition, the Company intends to diversify its core business of the Group to include the Hospitality Business.

The Directors are proposing to convene the EGM to be held on 4 December 2018 at 1.00 p.m. to seek the approval of the Shareholders for the following resolutions:

(i) the Proposed Diversification; and

(ii) the Proposed Acquisition.

The purpose of this Circular is to provide Shareholders with information relating to, and explain the rationale for, and to seek the Shareholders' approval for the Proposed Diversification and Proposed Acquisition at the forthcoming EGM.

The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular including the correctness of any of the statements made or opinions expressed or reports contained in this Circular. If a Shareholder is in any doubt as to the action he/she should take, he/she should consult his/her legal, financial, tax or other professional adviser(s) immediately

2. PROPOSED DIVERSIFICATION OF BUSINESS

2.1 Existing business of the Group

The Group's Current Core Business is an operator of chains of restaurants and cafes under ten different F&B brands and concepts. Each brand serves authentic cuisines of different ethnicity, namely Indonesian, Thai, Hong Kong, Yunnan, northern China, Mexican, Vietnamese and Japanese, which provides different dining options in order to cater to a wide spectrum of patrons

and different market segments. Amongst the ten brands, restaurant under the brand name Bali Thai, So Pho, Streats and Indobox, are certified "Halal" in Singapore. The Group's restaurants are located in Singapore and overseas.

In addition, the Group has established the foundation for regional expansion plans by entering into a strategic partnership with Ajisen (China) Holdings Limited, setting up So Pho International Limited ("**SPIL**") to introduce the So Pho brand into China and Hong Kong markets. As at the date of this Circular, SPIL has opened two So Pho restaurants in Shanghai and Guangzhou.

The Group has, on 1 October 2018, acquired the entire issued share capital of Tomo Izakaya Pte. Ltd. which engages in the food and beverage business focusing on Japanese cuisine in Singapore. With the acquisition of Tomo Izakaya Pte. Ltd., the Group now operates restaurants under ten different brands and concepts.

All the ten brands provide online food ordering platform and delivery services in Singapore, which diversify service offerings to the customers and expand sales beyond the capacity of the Group's restaurants.

2.2 **Information regarding the Hospitality Business**

2.2.1 Subject to the approval of Shareholders being obtained at the EGM, the Company intends to diversify the Group's current business to include the Hospitality Business. The Hospitality Business involves the carrying on the business of property management including providing affordable diverse accommodation solutions.

The Company will be carrying out the Hospitality Business through SOPL. The Group seeks to provide its guests with more diverse accommodation options at a lower premium compared to traditional hotels and serviced apartments. At the start, the Group intends to focus on the provision of fully furnished serviced apartments for corporate guests. In addition to the catering for corporate guests, the Group intends to also cater to guests of medical tourism and co-living hotels. As at the date of this Circular, SOPL manages approximately 121 units in 15 different apartments and condominiums located in the central business district area, central, east and west of Singapore. In addition, SOPL has also received acceptance from two landlords for conversion of space into co-living hotels, one in 33 - 43 Tanjong Pagar Road and another in 273 & 275 South Bridge Road, and is currently in negotiations on two potential locations, one in Singapore and another in Hong Kong.

The Group may also, as part of the Hospitality Business, invest in or purchase or otherwise acquire or dispose of any such assets, investments and shares or interests in any entity that is in the Hospitality Business. Any business activities as aforesaid shall upon approval of the Proposed Diversification by the Shareholders at the EGM, constitute part of the ordinary course of business of the Group.

The Company does not plan to restrict the Proposed Diversification to any specific geographical market as each project and investment will be evaluated and assessed by the Board on its merits.

2.2.2 **Future Plans**

The Group remains committed in the continuance of its existing core business for so long as its existing core business remains viable. The entry into the Hospitality Business is intended to be a diversification of the Group's existing business as the Board believes that the Proposed Diversification would also allow the Group to have better prospects of profitability and ensure long term growth by enabling the Group to have access to new business opportunities which in turn could potentially enhance the return on the Group's assets and improve Shareholders' value in the long run.

In regard to the Hospitality Business, the Group intends to strengthen the Hospitality Business by (i) having tie-ups with travel operators to bring in more guests; (ii) procuring long-term staying guests from companies that act as agencies for contract employment; and (iii) carrying on promotional activities during the low occupancy season. Further, SOPL is seeking to expand its operations of the Hospitality Business to key capital cities such as Hong Kong and Tokyo either by way of incorporation of companies in the local jurisdictions or by way of acquisition, joint venture or strategic partnerships in those cities. The expansion may be funded through a combination of internal sources of fund and/or borrowings from financial institutions.

2.3 **Rationale for the Proposed Diversification**

In its continued search for new business opportunities, the Group has considered opportunities in the hospitality industry where it provides diversified business and broaden its stream of income and revenue. The Group believes that the Hospitality Business will provide the following benefits to the Group:

(i) **Additional and recurrent revenue streams**

The Group is of the view that the Hospitality Business is expected to provide additional and recurrent revenue streams for the Group which may include the rental fees, service fees and management fees from the Hospitality Business. The Group will venture into the Hospitality Business prudently, with a view of enhancing shareholder value over the long-term and achieving long-term growth.

In addition, there is a potential and beneficial collaboration between the Group's Current Core Business and the Hospitality Business as both businesses focus on providing hospitality services to customers and the Group has extensive experience with customer service. There will be opportunities for the Group to take advantage of this collaboration to provide F&B and accommodation services to the customers, such as food delivery from the Group's restaurants to the units managed by the Group in relation to the Hospitality Business and such collaboration will benefit both its Current Core Business and the Hospitality Business.

(ii) **More diversified business and income base, reducing reliance on Current Core Business**

The Proposed Diversification may provide the Group with a more diversified business and income base for future growth and reduce the Group's reliance on its Current Core Business for its revenue streams. As the Group explores into other growth areas, this will facilitate the Group's quest for sustained performance in future.

(iii) **Enhance Shareholders' value**

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth. It may provide the Group with additional funds, which can be channelled towards the enhancement of shareholder value over the long-term. Additionally, the Board believes that the Proposed Diversification can offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

(iv) **Positive prospects in the hospitality services industry**

The Group believes that in line with the increasing trend of the millennial travellers and corporate expatriates and the rise of new market segments such as technopreneurs, there has been a growth in demand for providing affordable and longer term stays in diverse accommodation solutions. In addition, due to the increasing affluence and disposable incomes of Asian economies outside Singapore, the Group believes that there will be a rise in intra-Asia travels. Thus, given the prospects in relation to the hospitality services industry in the region, the Group believes that, barring unforeseen circumstances, this expansion into the Hospitality Business will yield an additional source of revenue for the Group.

In light of the above, the Board is of the view that the Hospitality Business should contribute positively to the Company and Shareholders.

2.4 **Management of the Hospitality Business**

The Hospitality Business will be overseen by Mr Alan Goh Keng Chian, who is responsible for the Hospitality Business' strategic direction and expansion plans and is assisted by a management team comprising nine employees who have experience in the management of housekeeping team and operations of serviced apartments, hostels and has good relations with various embassies and hospitals.

Where any employees are currently employed by SOPL, the Group intends to continue the service agreements with these individuals to embark on the Hospitality Business segment. Furthermore, the Group intends to hire qualified personnel with suitable expertise and experience to support the growth of the Hospitality Business, as and where appropriate. The management team of the Hospitality Business may also, where appropriate, seek the advice of external consultants and industry experts when making decisions in respect of the Hospitality Business. The Board will also receive updates from the management on the health of the Hospitality Business and where necessary or appropriate, direct the appointment of in-house or external consultants or professional advisers to assist the management in the Hospitality Business.

Before undertaking any major project in the Hospitality Business, and where relevant, the management of the Company will prepare a feasibility study containing funding needs, growth potential and projected returns of the project concerned to decide on the nature and extent of the Group's investment in such project.

The Group recognizes that although the Hospitality Business is different from its Current Core Business, it believes that it will further develop and build up the expertise required for the Hospitality Business over time. The Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the Hospitality Business periodically to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

2.5 **Funding for the Hospitality Business**

The Company may fund the Hospitality Business through a combination of internal sources of funds and borrowings from financial institutions. The Directors will determine the optimal mix of internal funding and bank borrowings, taking into account the cash flow of the Group and the prevailing bank financing costs.

As and when necessary and deemed appropriate, the Group may explore secondary fund raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

2.6 **Risk Factors Relating to the Proposed Diversification**

To the best of the Directors' knowledge and belief, all the risk factors that are material to Shareholders in making an informed judgement on the Proposed Diversification into the Hospitality Business are set out below. The Proposed Diversification involves a number of risks which relate to the Hospitality Business industry and countries in which the Group may operate as well as those which may generally arise from, *inter alia*, economic, business, market, political, liquidity, operational, legal and regulatory factors. These risks could materially change the risk profile of the Company.

Any of the risks described below or additional risks and uncertainties not presently known to the Company or the Group or that the Company or the Group currently deem immaterial may also impair the Company's or the Group's business, financial condition, operations and prospects. The risks and uncertainties described below are not intended to be exhaustive and are not the only risks and uncertainties that the Group may face.

Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM. The risks set out below are the material risks which the Group faces following the Proposed Diversification. If any of the following considerations, risks or uncertainties develops into actual events, the business, financial condition, results of operations, cash flow and prospects of the Group may be materially and adversely affected.

Shareholders should consider the risk factors in light of your own investment objectives and financial circumstances and should seek professional advice from your accountant, stock brokers, bank managers, solicitors or other professional advisers if you have any doubt about the actions you should take.

2.6.1 The Group has no prior track record and operating history in the Hospitality Business

The Group does not have a prior track record in carrying out or the implementation of the Hospitality Business. Hence, there is no assurance that the Group's foray into the Hospitality Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the Hospitality Business. The Hospitality Business may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Group's future plans with regard to the Hospitality Business may not be profitable nor achieve profitability that justify the investments made and may take a long period of time before the Group can realise any return. Further, such future plans and new initiatives could result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debts and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance of the Group.

The Hospitality Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Hospitality Business effectively, the overall financial position and profitability of the Group may be adversely affected.

2.6.2 The Group may not have the ability or sufficient expertise to execute the Proposed Diversification

The Group's ability to successfully diversify into the Hospitality Business is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the Hospitality Business. There is no assurance that the Group will be able to hire and subsequently retain employees with the relevant experience and knowledge as the Group may have to depend on the expertise of certain individuals to provide guidance and/or its investment partners to undertake the projects coming within the Hospitality Business. The Group may also appoint third party professionals and/or foster partnerships with various third parties to assist in undertaking the Hospitality Business more effectively and efficiently. However, there is no assurance that these third parties will be able to deliver and/or that these partnerships will be successful. Accordingly, the Group may not be able to successfully implement the Hospitality Business and this may adversely affect the Group's financial performance and profitability.

2.6.3 The Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances

Depending on available opportunities, feasibility and market conditions, the Group may participate in joint ventures, strategic alliances, acquisitions or other investment opportunities involving numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisitions or opportunities. Furthermore, the Group is expected to rely on its joint venture partners at the initial stage of its foray into the Proposed Diversification and there is a risk that if any of its joint venture partners is unable to deliver its obligations or commitments under the joint venture (such as failure to perform according to the expertise expected of the joint venture partner or meet the financial obligations), it may result in additional costs to the Group. In such events, the Group's financial performance may be adversely affected.

2.6.4 The Group is subject to various government regulations in the Hospitality Business

The Hospitality Business is exposed to the risks posed by current and potential future regulations and legislation that apply to the country or industry in which the Group operates and the countries or industries its clients operate. The Hospitality Business may require certain statutory and regulatory licences, permits, consents and approvals to operate. These licences, permits, consents and approvals may be granted for fixed periods of time and may need to be renewed after expiry from time to time. The Group may not be able to apply for and obtain the relevant licences, permits, consents and approvals required for its projects or otherwise within the statutory time limits, and there can be no assurance that the relevant authorities will issue any such licences, permits, consents or approvals in time or at all. Failure by the Group to renew, maintain or obtain the required licences, permits, consents or approvals, or cancellation, suspension or revocation of any of its licences, permits, consents or approvals may result in the Group being unable to undertake the relevant segment of the Hospitality Business and/or in the interruption of its operations and may have a material adverse effect on its business.

The Group must also comply with the applicable laws and regulations in the Hospitality Business, failing which the Group may be subject to penalties, have its licences or approvals revoked, or lose its right to own or manage its properties which may have a material and adverse impact on the Group's business, financial condition, results of operations and prospects. Further, any changes in applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group and the financial performance of the Group.

2.6.5 The Group may face intense competition from existing competitors and new market entrants in the Hospitality Business

The Hospitality Business is highly competitive and barriers of entry are low, with strong competition from established industry participants who may have larger financial resources or stronger track records. The Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors who may have larger financial resources and stronger track records.

There is no assurance that the Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. In the event that the Group is not able to compete successfully against its competitors or adapt to market conditions, its business operations, financial performance and financial condition may be adversely affected.

2.6.6 The Hospitality Business may be exposed to payment delays and/or defaults by tenants and the Group may not be able to generate adequate returns

The Group may grant to tenants and customers credit terms, which would then expose it to payment delays and/or defaults by its tenants and customers. Notwithstanding any such payment delays and/or defaults, the Group may continue to incur costs relating to the maintenance and upkeep of the properties leased by them. Persistent payment delays may also necessitate termination of the tenancy agreements, which will require a timely replacement.

In addition, the revenue derived from the rental of the units may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to secure new tenants, the inability to collect rent due to bankruptcy or insolvency of tenants and the cost from ongoing maintenance, repair and re-letting. Notwithstanding the termination of the tenancy agreements or inability to secure new tenants, the Group will continue to pay any non-cancellable commitments which the Group may have signed with the landlords. Any occurrence of the above may adversely affect the Group's business operations, financial performance and condition.

2.6.7 The Group may be unable to identify and secure new projects and leases of new sites to grow the Hospitality Business

The performance and success of the Hospitality Business depends on the Group's ability to identify profitable projects and following such identification, to successfully implement and complete such projects. This ability may be negatively affected by various factors, including competition for new sites from other competitors, changes to the general economic conditions in countries where the Group intends to operate its Hospitality Business. There is thus no guarantee that the Group will always be successful in identifying suitable projects or completing such projects profitably. The Group's inability to identify and secure leases of new sites at commercially acceptable prices could impair its ability to compete with other competitors and materially and adversely affect the Group's plans and growth prospects.

2.6.8 Under the Hospitality Business, there may be occurrences of non-compliance of lease terms by the Group's customers, resulting in imposition of fines on the Group or termination of the Group's master leases

The tenants' use of the premises and the conduct of their businesses may be subject to governmental and regulatory requirements such as the requirement to obtain the requisite licenses and approvals for the use of the premises and or the conduct of their business. Any occurrence of such non-compliance with the relevant regulations by the tenants may result in impositions of fines on the Group, restoration costs to be incurred by the Group or termination of the master leases. If the Group is unable to find suitable replacement premises due to the

premature termination of the master lease, its business operations and financial performance will be adversely affected.

2.6.9 The Group may not be able to provide the capital investments needed to undertake the Hospitality Business

The Hospitality Business may require substantial capital investments or cash outlay. There is no assurance that financing, either on a short term or a long term basis, will be made available or, if available, that such financing can be obtained on commercially reasonable terms, in which event the Group's future plans and growth prospects will be adversely affected.

Additional debt funding is subject to interest payments and interest rate fluctuations and may also be subject to conditions that restrict or require consent for corporate restructuring, additional financing or fund raising, requirements on the maintenance of certain financial ratios. These conditions may reduce the availability of the Group's cash flow for capital expenditures, working capital and other general corporate purposes. In addition, these conditions may limit the flexibility of the Group in planning for, or reacting to, changes in the business or industry and increase the Group's vulnerability to general adverse economic and industry conditions.

Additional equity financing may result in a dilution to Shareholders' equity interests and may, in the case of a rights issue, require additional investments by Shareholders. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors. Dilution in Shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price.

2.6.10 The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance

While the Group will, where appropriate, obtain insurance policies to cover losses with respect to its properties, the insurance obtained may not be sufficient to cover all potential losses. Examples of such potential losses include losses arising out of extraordinary events such as natural disasters like earthquakes or floods. Losses arising out of damage to the Group's properties not covered by insurance policies in excess of the amount it is insured would affect the Group's profitability. The Group may also have to commit additional resources, other than to meet the uninsured losses, to complete a project, which would also adversely affect the financial performance of the Group.

2.6.11 The Proposed Diversification is subject to general risks associated with operating businesses outside Singapore

The Company does not plan to restrict the Proposed Diversification to any specific geographical market. There are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Group's overseas operations and consequently, its business, financial performance, financial condition and operating cash flow.

In addition, if the governments of countries in which the Group operates tightens or otherwise adversely changes their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Group's overseas operations to repatriate profits to the Group and, accordingly, the cash flow of the Group will be adversely affected.

2.6.12 The Hospitality Business may be adversely affected by any reduction in the willingness of its customers to travel due to any acts or threats of terrorism

The Group's operations are affected by the number of international travellers which is in turn dependent on consumers' willingness to travel. In the event of any acts or threats of terrorism, the willingness to travel of potential customers may be drastically reduced. Furthermore, any increase in anti-terrorism measures and the tightening of entry requirements to some countries may also deter some potential customers from travelling. The Group cannot predict the extent to which disruptions in travelling caused by any future terrorist acts would adversely affect its business, operations and financial performance.

2.6.13 The Hospitality Business may be susceptible to fluctuations in foreign exchange rates that could result in the Group incurring foreign exchange losses

The revenue from the Hospitality Business may be generated from overseas markets. To the extent that the Group's revenue, purchases and operating costs are not matched in the same currency and to the extent there are timing differences between invoicing and collection of payment, as the case may be, the Group may be exposed to any unfavourable fluctuations of such currencies of the jurisdictions in which the Group will be engaging in to conduct the Hospitality Business, and the Group's operating results may be materially or adversely affected.

2.6.14 The Hospitality Business will be subject to risks in relation to interest rate movements

The Hospitality Business will face risks in relation to interest rate movements in particular as a result of the debts intended to be undertaken to finance the Hospitality Business. Changes in interest rates will affect the Group's interest income and interest expense from short term deposits and other interest-bearing financial assets and liabilities. This could in turn have a material and adverse effect on the Group's net profits.

2.7 **Requirements under the Catalist Rules**

Pursuant to Practice Note 10A of the Catalist Rules, Shareholders' approval is not required if a transaction will result in an expansion of an issuer's existing core business, unless such transaction changes the issuer's risk profile.

As the Hospitality Business will involve a new business area which is substantially different from the Group's existing core business, it is envisaged that the Hospitality Business will change the existing risk profile of the Group. Accordingly, the EGM will be convened by the Company to seek Shareholders' approval for the Proposed Diversification.

Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds (i) for an acquisition, 75% but less than 100%, or (ii) for a disposal, 50% ("**Major Transaction**"). A Major Transaction must be made conditional upon approval by Shareholders. For further details on Rules 1006 and 1014, please refer to the Catalist Rules.

A Major Transaction does not include an acquisition or disposal which is, or in connection with, the ordinary course of an issuer's business or of a revenue nature. In addition, pursuant to Practice Note 10A of the Catalist Rules, save where the acquisition changes the risk profile of the issuer, shareholders' approval is not required for a Major Transaction if the acquisition will result in an expansion of the issuer's existing core business. Practice Note 10A of the Catalist Rules further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek shareholders' approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require shareholders' approval.

Thus, upon approval by Shareholders for the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the Hospitality Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Hospitality Business which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek for Shareholders' approval as and when potential transactions relating to the Hospitality Business arise, even where they cross the thresholds of a "Major Transaction". This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

However, in accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first Major Transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "Aggregated Transactions") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the **Aggregated Transactions** will be made conditional upon shareholders' approval.

For the avoidance of doubt, notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained,

(i) Rule 1015 of the Catalist Rules will apply to acquisition of assets (including options to acquire assets) whether or not in the Company's ordinary course of business (which will include the Hospitality Business) and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company. Such acquisitions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting;

(ii) Chapter 9 of the Catalist Rules will continue to apply to any transaction which constitutes an interested person transaction (as defined under the Catalist Rules);

(iii) The First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval, if applicable; or

(v) Part III of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

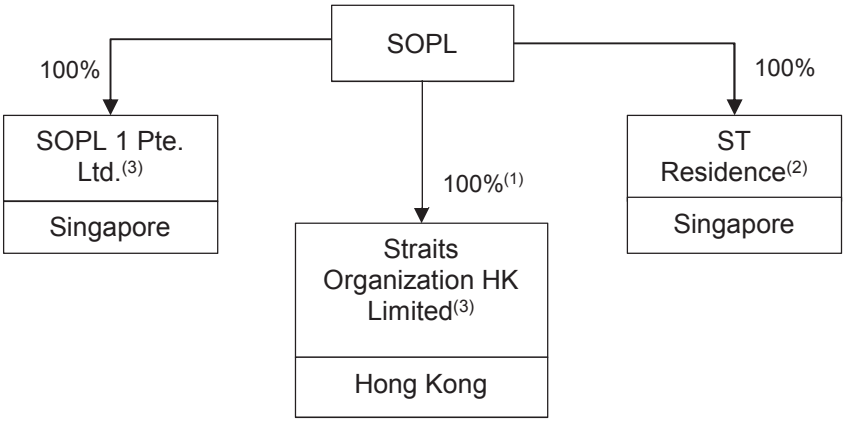
The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

3. PROPOSED ACQUISITION

3.1 Information on SOPL

SOPL is a company incorporated in Singapore on 15 December 2017. It is principally engaged in the business of providing affordable diverse accommodation solutions, such as serviced residences and co-living hotels and is currently managing approximately 121 units in 15 different apartments and condominiums located in the central business district area, central, east and west of Singapore. It has an issued and paid-up share capital of S$280,000 divided into 280,000 ordinary shares ("**Sale Shares**"), which is owned entirely by Alan Goh Keng Chian ("**Mr Goh**"), Executive Chairman and Chief Executive Officer of the Company. Mr Goh is also the sole director of SOPL.

As at the date of this Circular, the group structure of SOPL and its subsidiaries is as follows:



Notes:
(1) The remaining 1% is held on trust by Alan Goh Keng Chian in favour of SOPL since incorporation of Straits Organization HK Limited.
(2) SOPL wholly owns this business as the sole-proprietor and the business is currently dormant. This business is registered to protect the trademark of the brand.
(3) As at the date of this Circular, these subsidiaries have yet to commence operations.

3.2 Purchase Consideration

The aggregate purchase price of the Sale Shares is S$358,000 (the "**Purchase Price**"). The Purchase Price was arrived at on a willing buyer and willing seller basis between the Company and Mr Goh after taking into account, *inter alia*, the net tangible assets of SOPL as at 30 November 2018 as estimated from the management accounts of SOPL ("**Estimated NTA**").

In the event that the actual net tangible assets of SOPL as at 30 November 2018 as ascertained in the management accounts for the period ending 30 November 2018 differs from the Estimated NTA, the Company and Mr Goh agree that the Purchase Price shall be adjusted proportionately and the difference shall be settled between the parties within seven days from the delivery of the management accounts of SOPL for the period ending 30 November 2018.

The Purchase Price will be funded by the Group through internal resources and will be satisfied in cash by the Company on the date of completion.

3.3 **Salient Terms of the Proposed Acquisition**

3.3.1 The Proposed Acquisition is conditional upon the following conditions precedent having been fulfilled and/or waived:

(i) all consents, approvals, authorisations and waivers from governmental, regulatory and third party (if any) which are necessary in connection with the transactions contemplated in the SPA having been obtained;

(ii) no material contract, lease, licence or other similar commercial arrangement of SOPL or its subsidiaries (if any) would be terminated or adversely affected as a result of a change in ownership of the Sale Shares;

(iii) the approval of the shareholders of the Company in an extraordinary general meeting being obtained for the acquisition of the Sale Shares and for the diversification of the Company's business.

3.3.2 Completion shall take place within seven business days from the satisfaction of the abovementioned conditions precedents, or such other day as the parties may agree.

3.4 **Representation and Warranties**

Mr Goh, as the vendor, represents, warrants and undertakes to the Company (with the intent that the provisions of this paragraph shall continue to have full force and effect notwithstanding completion) that:

(i) he has the full power and capacity to enter into and perform the SPA and the SPA when executed will constitute valid and legally binding obligations on and against him;

(ii) he is currently and shall on date of completion ("**Completion Date**") be, the legal and beneficial owner of the Sale Shares, free from all encumbrances and together with all rights, dividends and entitlements and advantages attaching thereto and no other person has or shall have any rights of pre-emption over such Sale Shares;

(iii) the Sale Shares are validly issued by SOPL and he is entitled to sell and transfer the Sale Shares to the Company on the terms of the SPA without the consent of any third party;

(iv) his execution and delivery of, and the performance of his obligations under the SPA will not:

(a) result in a breach of any agreement to which he is a party; or

(b) result in a breach of any order, judgment or decree of any court, governmental agency or regulatory body to which he is a party or by which he is bound; and

(v) there are no third party, government, regulatory or other approvals, permits, licences and authorisations which are required to be obtained in connection with the transfer of the Sale Shares held by him to the Company and the ownership by the Company of the Sale Shares;

(vi) there is no action, suit, proceeding, claim, arbitration or investigation pending or currently threatened, and, to the best of Mr Goh's knowledge and belief, no factual or legal basis for any such action, suit, proceeding, claim, arbitration or investigation

against Mr Goh or SOPL which could adversely affect the transactions contemplated by the SPA;

(vii) SOPL's accounts have been prepared in accordance with all applicable laws and regulations and on a consistent basis in accordance with accounting principles, standards and practices generally accepted at the date hereof in Singapore and SOPL's normal accounting policies so as to give a true and fair view of the state of affairs of SOPL at the date respectively stated therein and of the profits and losses for the period concerned and as at that date make (i) full provision for all actual liabilities, (ii) proper provision (or note in accordance with good accountancy practice) for all contingent liabilities, (iii) provision reasonably regarded as adequate for all bad and doubtful debts, and (iv) provision reasonably regarded as adequate for all obsolete depreciation and amortisation and for any obsolescence of assets;

(viii) there are no liabilities (including contingent liabilities) which are outstanding on the part of SOPL and its subsidiaries, other than those liabilities which have arisen in the ordinary course of business since the date of the commencement of business by SOPL; and

(ix) SOPL and its subsidiaries have been duly incorporated or otherwise properly constituted and are validly existing under the laws of its country of incorporation and have all power and authority to own its properties and assets and to carry on its business as now being carried on. Particulars of SOPL and its subsidiaries as set out in the SPA are true, accurate and complete and will remain to be on or prior to the Completion Date;

(x) SOPL has complied with its Constitution or other constitutive documents and by-laws (if applicable) in all material respects and none of the activities, agreements, commitments or rights of SOPL is *ultra vires* or unauthorised;

(xi) All governmental approvals, licences and authorisations which were necessary or desirable in connection with the incorporation and business of SOPL, the allotment or transfer of shares in SOPL to the present and former holders thereof and the activation of SOPL (including the appointment of directors) were duly obtained and such approvals, licences and authorisations (and of all amendments and supplements thereto) have been disclosed to the Company;

(xii) SOPL and its subsidiaries have carried on its business in accordance with all applicable laws, regulations, rules, guidelines and bye-laws in the country of its incorporation and in any relevant foreign jurisdiction that SOPL and its subsidiaries carry on its business, and there is no investigation or enquiry by, or order, decree or judgment of, any court or any governmental agency or regulatory body outstanding or to the best of the knowledge and belief of Mr Goh, anticipated against SOPL or which may have a material adverse effect upon its assets or business, and SOPL has not committed any breach or non-compliance of any law or regulatory requirement now or in the past;

(xiii) All statutory and other requirements, licences, consents, permits, approvals and authorities necessary or desirable for the carrying on of the business of SOPL and its subsidiaries as now carried on or anticipated to be carried on, including its licence(s), have been obtained and are valid and subsisting and all conditions applicable to any such requirements, licence, consent (including but limited to): (a) any licensing requirement and guidelines applicable to recruitment and employment agencies in Singapore (including the registration of employment agency personnel) that have been introduced by the Ministry of Manpower; (b) all requirements, guidelines and regulations of the Singapore Immigration and Checkpoints Authority and Ministry of Manpower, permits, approvals or authorities have been complied with and none of such

requirements, licences, consents, permits, approval or authorities has been breached or is likely to be suspended, cancelled, refused or revoked, or not reserved, in whole or in part, in the ordinary course of events. No such requirements, licences, consents, permits, approval or authorities have been obtained or granted subject to unusual or onerous conditions;

(xiv) There are no circumstances known to Mr Goh that are likely to lead to any such claim or legal action, proceeding or arbitration or prosecution against SOPL;

(xv) SOPL and its subsidiaries are not subject to any outstanding judgement, order or decree of any court, tribunal or regulatory or government body or any undertaking to any court, judicial authority or regulatory or government body or any outstanding arbitration award;

(xvi) None of the directors, officers, employees, or to the best of Mr Goh's knowledge and belief, agents or other persons acting on behalf of SOPL, has been party to the use of any assets of SOPL for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity or to the making of any direct or indirect unlawful payment to government officials or employees or to any candidate for political office or any political party from such assets; the establishment or maintenance of any unlawful or unrecorded fund of SOPL's moneys or other assets; to the making of any false or fictitious entries on the books or records of SOPL; or to the making of any unlawful payment; and

(xvii) SOPL has in relation to each of its employees (and so far as relevant to each of its former employees) complied with (i) all obligations imposed on it by all statutes, regulations and codes of conduct and practice relevant to the relations between it and its employees or any trade union and has maintained current, adequate and suitable records regarding the service of each of its employees, and (ii) all requirements, guidelines and regulations of the Singapore Immigration and Checkpoints Authority and Ministry of Manpower in relation to the hiring of foreign workers or other legislation in relation thereto.

3.5 **Rationale**

In line with the Group's aims to focus on broadening its stream of income and revenue, the Proposed Acquisition will allow the Group to expand its core business to include the hospitality business currently carried out by SOPL which will provide additional and recurrent revenue streams and may reduce the Group's reliance on its core business. For the financial period from 15 December 2017, being the date of incorporation of SOPL, to 31 October 2018, SOPL recorded profits after tax of S$64,273. As such, the Company is of the view that the Proposed Acquisition will enhance shareholders' value for the Company.

3.6 **Proposed Acquisition as an Interested Person Transaction**

Mr Goh, who is the Executive Chairman and Chief Executive Officer and a controlling shareholder of the Company, is also the sole director and shareholder of SOPL. Accordingly, Mr Goh is an "interested person" within the meaning defined in Chapter 9 of the Catalist Rules and the Proposed Acquisition is an interested person transaction.

Based on the Group's latest audited accounts for the financial year ended 31 December 2017 ("**FY2017**"), its consolidated net tangible assets ("**NTA**") as at 31 December 2017 was approximately S$14.2 million. The total value of all interested person transactions with Mr Goh and his Associates for the current financial year ending 31 December 2018 (excluding transactions less than S$100,000) is S$634,000, which represents approximately 4.47% of the

Group's latest audited NTA. Accordingly, the Proposed Acquisition as an interested person transaction will not require approval of the shareholders of the Company.

In addition, the Company had entered into a lease agreement with SOPL for the period from 1 April 2018 to 31 March 2020 at a monthly rent of S$2,050 and on 10 September 2018, Mr Goh granted a loan to SOPL in the sum of S$450,000 with an interest rate of 3.0% per annum and a maturity date of three years from 1 September 2018. For the avoidance of doubt, the total value of all interested person transactions did not take into account the aforesaid rental payable by SOPL to the Company and loan by Mr Goh to SOPL.

3.7 **Audit Committee's Statement**

The Audit Committee of the Company is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

3.8 **Proposed Acquisition as the First Major Transaction**

The relative figures for the Proposed Acquisition computed on the bases set out in Catalist Rule 1006 are set out below:

Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	77.42% (1)
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	0.86% (2)
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006 (e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable

Notes:

(1) Based on the unaudited net profit before tax attributable to the assets to be acquired of approximately S$23,999 for the financial period from 1 January 2018 to 30 June 2018 and the Group's net profit before tax of approximately S$31,000 for the financial period from 1 January 2018 to 30 June 2018.

(2) Based on the Purchase Price of approximately S$358,000 and the Company's market capitalisation of S$41.7 million (being the Company's issued ordinary share capital of 231,521,008 shares (excluding treasury shares and subsidiary holdings) and the volume weighted average price of the Company's shares on the SGX-ST of S$0.18 on 12 November 2018, being the market day preceding the date of the SPA where the Company's shares were last traded).

As the applicable figure computed under Catalist Rule 1006(b) exceeds 75% but is less than 100%, the Proposed Acquisition constitutes a "major transaction" under Catalist Rule 1014. However, Catalist Rule 1014(2) provides that shareholders' approval is not required where the only limit breached is Catalist Rule 1006(b).

Notwithstanding the aforesaid, in accordance with the SGX-ST's recommended practice in relation to diversification of business, the Proposed Acquisition being the first major transaction involving the Hospitality Business (the "**First Major Transaction**") is conditional upon shareholders' approval. Accordingly, the Company is seeking shareholders' approval for the Proposed Acquisition as the First Major Transaction in compliance with the SGX-ST's recommended guidance. Please refer to paragraph 2.7 of this Circular for more information on the requirements of the First Major Transaction under the SGX-ST's recommended practice.

3.9 **Financial Effects of the Proposed Acquisition**

The financial effects of the Proposed Acquisition set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after Completion.

The financial effects of the Proposed Acquisition were calculated based on the last announced unaudited consolidated financial statements of the Group for the financial period from 1 January 2018 to 30 June 2018 ("**HY2018**") and the unaudited financial statements of SOPL for the financial period from 1 January 2018 to 30 June 2018 as SOPL was only incorporated on 15 December 2017. In addition, the financial effects have not taken into account adjustments arising from price purchase allocation.

3.9.1 **Net Tangible Assets**

The effect of the Proposed Acquisition on the net tangible assets ("**NTA**") per share of the Group for HY2018, assuming that the Proposed Acquisition had been effected at the end of HY2018 is as follows:

As at 30 June 2018	**Before the Proposed Acquisition**	**After the Proposed Acquisition**
NTA (S$'000)	13,584	13,584
NTA per share (Cents)	5.87	5.87

3.9.2 **Earnings Per Share**

The effect of the Proposed Acquisition on the earnings per share of the Group for HY2018, assuming that the Proposed Acquisition had been effected at the beginning of HY2018 is as follows:

HY2018	**Before the Proposed Acquisition**	**After the Proposed Acquisition**
Profits after tax and non-controlling interests (S$)	31,000	52,124
Earnings per share (Cents)	0.01	0.02

4. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the capital of the Company as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors / Substantial Shareholder				
Alan Goh Keng Chian[(1)]	104,672,404	45.21	97,860,504	42.27
Madaline Catherine Tan Kim Wah [(2)]	97,860,504	42.27	104,672,404	45.21

Notes:

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

(2) Ms Madaline Catherine Tan Kim Wah is deemed to be interested in 104,672,404 ordinary shares held by her spouse, Mr Alan Goh Keng Chian in the capital of the Company.

In addition, Alan Goh Keng Chian, who is the Executive Chairman and Chief Executive Officer and a controlling shareholder of the Company, is also the sole director and shareholder of SOPL.

Save as disclosed above, none of the Directors, Substantial Shareholders, or their Associates has any interest, direct or indirect, in the Proposed Diversification and the Proposed Acquisition other than through their respective shareholdings in the Company.

5. DIRECTORS' RECOMMENDATIONS

(a) Having considered, *inter alia*, the rationale for the Proposed Diversification, the Directors are of the opinion that the Proposed Diversification should contribute positively to the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Diversification at the EGM.

(b) Having considered, *inter alia*, the rationale for the Proposed Acquisition, save for Mr Goh and Ms Madaline Catherine Tan Kim Wah who have refrained from making any recommendation, Mr Mah How Soon, Mr Eric Low Siak Meng and Mr Chow Wen Kwan (collectively, the "**Independent Directors**") are of the opinion that the Proposed Acquisition should contribute positively to the Company. Accordingly, the Independent Directors recommend that the Shareholders vote in favour of the Proposed Acquisition at the EGM.

6. SERVICE CONTRACTS

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Proposed Diversification and Proposed Acquisition.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 23 of this Circular, will be held at 4 Robinson Road, #04-01 The House of Eden, Singapore 048543 on 4 December 2018 at 1.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find a proxy form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 72 hours before the time fixed for the EGM. The completion and lodgement of a proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register, as certified by CDP as at 72 hours before the EGM.

9. ABSTENTION FROM VOTING

Mr Goh and his Associates (which shall include Ms Madaline Catherine Tan Kim Wah) shall abstain from voting in respect of their respective shareholding in the Company relating to the ordinary resolution on the Proposed Acquisition. Mr Goh and his Associates will also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of the ordinary resolution on the Proposed Acquisition unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification and Proposed Acquisition, the Company and its subsidiary, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by Shareholders at the registered office of the Company at 100 Beach Road, #16-09/13 Shaw Tower, Singapore 189702, during normal business hours from the date of this Circular up to and including the date of the EGM:

(a) the constitution of the Company;

(b) the annual report of the Company for FY2017; and

(c) the SPA.

Yours faithfully
For and on behalf of the Board of Directors of
Katrina Group Ltd.

ALAN GOH KENG CHIAN
Executive Chairman and CEO

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Katrina Group Ltd. (the **"Company**") will be held at 4 Robinson Road, #04-01 The House of Eden, Singapore 048543 on 4 December 2018 at 1.00 p.m.for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions:

All capitalised terms used in this notice which are not otherwise defined shall have the same meanings as ascribed to them in the Company's circular to its shareholders dated 19 November 2018.

ORDINARY RESOLUTION 1 - PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP TO INCLUDE THE HOSPITALITY BUSINESS

That:

(a) approval be and is hereby given for the diversification by the Group of its core business to include the business of property management as described in Section 2.2.1 of the Company's circular to the Shareholders dated 19 November 2018 (the "**Hospitality Business**"), and any other activities related to the Hospitality Business;

(b) the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares or interests in any entity that is in the Hospitality Business on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to such investment, purchase, acquisition or disposal; and

(c) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this ordinary resolution as they or he may think fit.

ORDINARY RESOLUTION 2 - PROPOSED ACQUISITION OF ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF STRAITS ORGANIZATION PTE. LTD.

That:

(a) approval be and is hereby given for given for the Proposed Acquisition; and

(b) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this ordinary resolution as they or he may think fit.

By Order of the Board
KATRINA GROUP LTD.

ALAN GOH KENG CHIAN
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER
19 November 2018

Notes:

(1) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the EGM. Where such member appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the EGM, 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 one proxy, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

(2) A proxy need not be a shareholder of the Company.

(3) The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's Registered Office at 100 Beach Road, #16-09/13 Shaw Tower, Singapore 189702 not less than 72 hours before the time appointed for holding the EGM.

(4) 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.

(5) 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 EGM in order for the Depositor to be entitled to attend and vote at the EGM.

Personal Data Privacy:

"Personal data" in this notice of EGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name and your proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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 express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. Your personal data and your proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

PROXY FORM

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 number* _____ of

_____ (Address) being

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

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

and/or* (delete as appropriate)

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**EGM**") of the Company to be held at 4 Robinson Road, #04-01 The House of Eden, Singapore 048543 on Tuesday, 4 December 2018 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 EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

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

No.	**Ordinary Resolutions**	**Number of Votes For**	**Number of Votes Against**
1	To approve the Proposed Diversification		
2	To approve the Proposed Acquisition		

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM.)

Dated this _____ day of _____ 2018

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

_____
Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

PROXY FORM

Notes:

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

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the EGM. Where such member appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the EGM, 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 one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this instrument of proxy.

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

4. This instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 100 Beach Road, #16-09/13 Shaw Tower, Singapore 189702 not less than 72 hours before the time appointed for holding the EGM. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the EGM. If a member attends the EGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the EGM.

5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

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

7. 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 EGM, in accordance with Section 179 of the Companies Act, Chapter 50.

8. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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 EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of EGM of the Company dated 19 November 2018.