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PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF TOMO IZAKAYA PTE. LTD.

1. **Introduction**

The Board of Directors (the "**Board**") of Katrina Group Ltd. (the "**Company**", and together with its subsidiaries, collectively the "**Group**") refers to the Company's announcement dated 14 August 2018 ("**Announcement**") in relation to the proposed acquisition of the entire issued share capital (the "**Sale Shares**") of Tomo Izakaya Pte. Ltd. ("**Tomo**") ("**Proposed Acquisition**"). Further to the Announcement, the Board wishes to announce that Katrina Holdings Pte Ltd ("**KHPL**"), a wholly-owned subsidiary of the Company, has on 1 October 2018 entered into a sale and purchase agreement ("**SPA**") with Andrew Tan Hock Lai and Ee Chee Hong (collectively, the "**Vendors**" and each, a "**Vendor**") in relation to the Proposed Acquisition. Upon completion of the Proposed Acquisition, Tomo will become a wholly-owned subsidiary of the Company.

2. **Principal Business of Tomo**

Tomo is a company incorporated in Singapore on 23 May 2008. It is principally engaged in the food and beverage business and it currently operates two restaurants serving Japanese cuisine in Singapore, one in Clarke Quay and another in Esplanade Mall. It has an issued and paid-up share capital of S$400,000 divided into 400,000 ordinary shares, which is owned by two shareholders.

3. **Consideration**

The aggregate purchase price of the Sale Shares is S$952,767 (the "**Purchase Price**") being the sum of S$575,000 (the "**Initial Purchase Price**") plus the estimated net tangible assets value of Tomo as at 30 September 2018, as determined from the unaudited management financial statements of the Company as at 31 August 2018 and mutually agreed between the parties (the "**Estimated NTA**"), which will be paid in cash by KHPL to the Vendors. The Purchase Price shall be adjusted if the difference between the Estimated NTA and the net tangible asset value of the Company as at 30 September 2018 as ascertained in the unaudited financial statements of Tomo for the financial period from 1 January 2018 to 30 September 2018 is S$10,000 or more. The Purchase Price was arrived at on a willing buyer and willing seller basis between KHPL and the Vendors after taking into account, *inter alia*, the net tangible assets of the Tomo as at 30 September 2018, being S$377,767. The Purchase Price will be funded by the Group through internal resources.

As at the date of this announcement, KHPL has paid S$57,500, being 10% of the Initial Purchase Price, as a refundable deposit to the Vendors if the Proposed Acquisition is not completed for whatsoever reason. The remaining of the Purchase Price will be settled in cash by KHPL to the Vendors on completion which shall take place on 1 October 2018, or such other date as the parties may agree.

4. **Rationale**

In line with the Group's aims to focus on diversification to capture more of the market by expanding its umbrella of brands, the Proposed Acquisition will allow the Group to acquire a new brand serving cuisine which the Group does not currently serve. The Company is of the view that the Proposed Acquisition will add value to the Group's existing business.

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5. Financial Effects

The financial effects of the Proposed Acquisition set out below, which have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 ("**FY2017**"), are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after Completion.

5.1 Net Tangible Assets

The effect of the Proposed Acquisition on the net tangible assets ("**NTA**") per share of the Group for FY2017, assuming that the Proposed Acquisition had been effected at the end of FY2017 is as follows:

As at 31 December 2017	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S$'000)	14,175	13,600
NTA per share (Cents)	6.12	5.87

5.2 Earnings Per Share

The effect of the Proposed Acquisition on the earnings per share of the Group for FY2017, assuming that the Proposed Acquisition had been effected at the beginning of FY2017 is as follows:

FY2017	Before the Proposed Acquisition	After the Proposed Acquisition
Profits after tax and non-controlling interests (S$'000)	1,002	1,157
Earnings per share (Cents)	0.43	0.50

6. Interest of Directors and Controlling Shareholders

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition other than through their respective shareholdings in the Company.

By Order of the Board

Alan Goh Keng Chian
Executive Chairman and Chief Executive Officer

1 October 2018

*This announcement 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 ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

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