

Katrina GROUP LTD.

Incorporated in the Republic of Singapore
Registration No. 201608344N

DISPOSAL OF INVESTMENT PROPERTY

1. INTRODUCTION

The Board of Directors (the **"Board"** or **"Directors"**) of Katrina Group Ltd. (the **"Company"** and together with its subsidiaries, the **"Group"**) wishes to announce that Katrina Holdings Pte Ltd (**"KHPL"**), a wholly-owned subsidiary of the Company, had on 26 June 2024 granted an option to purchase (**"Option"**) to Ho Juat Keng and/or its nominee (the **"Purchaser"**) in respect of the property located at 1 Sims Lane #05-05, Singapore 387355 (the **"Property"**) for a purchase consideration of S\$2,000,000 (excluding goods and services tax) (the **"Purchase Consideration"**), on the terms and subject to the conditions of the Option (**"Disposal"**). The Option shall remain valid up to 4.00 pm on 11 July 2024.

The Purchaser is a third party and is not related to the Group, the Directors and controlling shareholders of the Company, and their respective associates.

2. INFORMATION ON THE PROPERTY

The Property is a freehold property with a strata floor area of approximately 192.0 square metres. The Property is currently leased out to third party with the existing tenancy agreement set to expire on 30 September 2028.

The Company last commissioned a valuation on the Property for financial reporting purposes for FY2022 and the market value of the Property as at 31 December 2022 was determined by the valuer using the Direct Comparison Method to be S\$1,750,000. For the Proposed Disposal, the Company had made reference to the last valuation performed in 2022 and also conducted an internal assessment of the Property's market value based on recent comparable sales and current market conditions as advised by the Company's property agent. Hence, the Company did not commission a new valuation for the purpose of the Disposal.

Based on the audited net book value of the Property of S\$744,000 as at 31 December 2023, the Disposal is expected to result in a gain on disposal of approximately S\$1,256,000, before deducting the marketing fee, professional fees and other related expenses. Other than the gross rental income of S\$16,500 derived from the lease of the Property for the three months ended 31 March 2024 (**"3M2024"**), there are no net profits attributable to the Property.

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3. SALIENT TERMS OF THE DISPOSAL

The Purchase Consideration was arrived at on a willing buyer and willing seller basis and was facilitated by a property agent. In deriving the Purchase Consideration, the Group had taken into account:

- (i) the independent valuation of the Property last conducted on 31 December 2022;
- (ii) recent comparable sales;
- (iii) general property market conditions; and
- (iv) the current economic environment.

The Purchase Consideration will be satisfied by the Purchaser in cash as follows:

- (a) a sum of S\$100,000, which is equivalent to 5% of the Purchase Consideration, was paid by the Purchaser to KHPL upon grant of the Option;
- (b) a further sum of S\$100,000, which is equivalent to 5% of the Purchase Consideration, is payable by the Purchaser upon exercise of the Option; and
- (c) the balance sum of S\$1,800,000, which is equivalent to 90% of the Purchase Consideration, is payable by the Purchaser upon completion of the Disposal which shall be within 2 weeks upon exercise of the Option ("**Completion**").

4. RATIONALE FOR THE DISPOSAL

The Board believes that the Disposal is in the best interests of the Group and the Shareholders, as it will enable the Group to realise the value of the Property. The Disposal will result in a net estimated positive cash inflow of approximately S\$1,958,000 (after deducting estimated expenses in relation to the Disposal), thereby improving the liquidity of the Group. This would also allow the Group to reallocate its resources to improve and optimise the utilisation of assets.

5. USE OF PROCEEDS

The Company intends to utilise the net proceeds for the general working capital requirements of the Group.

6. FINANCIAL EFFECTS OF THE DISPOSAL

The financial effects of the Disposal set out below are purely for illustrative purposes only and do not reflect the future financial position of the Group after Completion. The financial effects of the Disposal were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 December ("**FY**") 2023, and the expenses in connection with the Disposal (including the marketing fee, professional fees and other related expenses) have been disregarded.

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6.1 Net Tangible Assets (“NTA”)

The effect of the Disposal on the NTA per share of the Group for FY2023, assuming that the Disposal had been effected as at 31 December 2023 is as follows:

As at 31 December 2023	Before the Disposal	After the Disposal
NTA (S\$'000)	(6,540)	(5,284)
NTA per Share (cents)	(2.79)	(2.25)

6.2 Loss per Share (“LPS”)

The effect of the Disposal on the LPS of the Group for FY2023, assuming that the Disposal had been effected on 1 January 2023 is as follows:

FY2023	Before the Disposal	After the Disposal
Loss after tax and non-controlling interests (S\$'000)	(1,348)	(92)
Basic LPS (cents)	(0.58)	(0.04)
Diluted LPS (cents)	(0.46)	(0.03)

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7. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

Based on the latest announced unaudited consolidated financial statements of the Group for 3M2024, the relative figures for the Proposed Disposal computed on the relevant bases set out in Rule 1006 of the Catalist Rules are set out below:

Rule	Bases	Relative Figure
1006 (a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	-11.32% ⁽¹⁾
1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits for 3M2024	18.54% ⁽²⁾
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	26.67% ⁽³⁾
1006 (d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets	Not applicable ⁽⁵⁾

Notes:

- (1) Based on the net liabilities value of the Group of approximately S\$6,449,000 as at 31 March 2024 and the net carrying amount of the Property of S\$730,000 as at 31 March 2024.
- (2) Based on the rental income generated from third parties on the Property of S\$16,500 for three months and the unaudited profit before tax of the Group of approximately S\$89,000 for 3M2024.
- (3) Based on the Purchase Consideration of S\$2,000,000 and the Company's market capitalisation of approximately S\$7,500,768 on 24 June 2024, which is the last full market day on which the Shares were traded prior to the date of Option. The Company's market capitalisation of S\$7,500,768 on 24 June 2024 was determined by multiplying the number of shares in issue (excluding treasury shares) of 234,399,008 shares by the closing price of the Company's shares on 24 June 2024 of S\$0.032.
- (4) This basis is not applicable as there will be no issuance of equity securities by the Company in relation to the Disposal.
- (5) This basis is not applicable as this relates to a disposal and the Company is not a mineral, oil and gas company.

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As the relative figure computed under Rule 1006(a) of the Catalist Rules involves a negative figure and the Proposed Disposal does not fall within the relevant situations provided for in paragraphs 4.3 and 4.4 of Practice Note 10A of the Catalist Rules, pursuant to paragraph 4.6 of Practice Note 10A of the Catalist Rules, the Disposal is a “major transaction” under Rule 1014 of the Catalist Rules and is accordingly subject to the approval of the shareholders, unless the requirement for such shareholders’ approval is waived by the SGX-ST.

The Board is of the view that there will be no material change in the risk profile of the Group arising from the Disposal as the Property is not considered a core asset of the Group. Given the time and costs needed to convene a shareholders’ meeting as well as the availability of comparable sales data in the property market as advised by the Company’s property agent, the Company intends to apply to the SGX-ST for a waiver to hold a general meeting to seek shareholders’ approval for the Disposal (the “**Waiver**”). In the event the Waiver is obtained, the Disposal will not be subject to shareholders’ approval.

8. SERVICE CONTRACT

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

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Disposal, other than through their respective shareholdings (if any) in the Company.

10. DOCUMENT FOR INSPECTION

A copy of the Option is available for inspection at the registered office of the Company at 180B Bencoolen Street #11-01/05, Singapore 189648 for a period of three months from the date of this announcement.

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By Order of the Board

Alan Goh Keng Chian
Executive Chairman and CEO
27 June 2024

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.

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