

## EUROSPORTS GLOBAL LIMITED

Company Registration Number: 201230284Z

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### PROPOSED DISPOSAL OF SHARES IN AUTOINC EUROSPORTS PTE. LTD.

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#### 1. INTRODUCTION

- 1.1 The board of directors ("**Board**") of EuroSports Global Limited ("**Company**", and together with its subsidiaries, collectively the "**Group**") wishes to announce that the Company and its wholly-owned subsidiary, EuroSports Auto Pte Ltd ("**EuroSports Auto**"), had on 18 October 2018, entered into a conditional sale and purchase agreement ("**SPA**") with Benjamin Solomon Tan ("**Purchaser**") pursuant to which the Company and EuroSports Auto shall sell, assign and procure the assignment of (respectively) and the Purchaser shall purchase: (a) 90,000 ordinary shares ("**Sale Shares**") legally and beneficially owned by the Company in the issued and paid-up capital of AutoInc Eurosports Pte. Ltd. ("**AutoInc**"); (b) loans of an aggregate outstanding amount of S\$525,000.00 ("**EG Loans**") due and owing by AutoInc to the Company; and (c) loans of an aggregate outstanding amount of S\$886,716.80 due and owing by AutoInc to EuroSports Auto ("**EA Loans**") (the "**Proposed Disposal**").
- 1.2 In connection with the SPA, the Company and the Purchaser had on 18 October 2018 entered into a share charge ("**Charge**"), over shares legally and beneficially owned by the Purchaser representing 100% of the issued and paid-up capital of the AutoInc, to secure the observance and performance by the Purchaser of his obligations under the SPA.

#### 2. INFORMATION ON AUTOINC, EXQUISITE MARQUES HOLDING PTE. LTD. AND EXQUISITE MARQUES PTE. LTD.

As at the date of this announcement, the Company holds 90,000 ordinary shares representing 60.0% of the total issued and paid-up capital of AutoInc. AutoInc is a Singapore-incorporated company involved in the business of trading of sports and luxury automobiles. Further, AutoInc owns 49 ordinary shares representing 49.0% of the total issued and paid-up capital of Exquisite Marques Holding Pte Ltd ("**EMHPL**"), a Singapore-incorporated investment holding company.

EMHPL owns the entire issued and paid-up share capital of Exquisites Marques Pte. Ltd. ("**EMPL**"), consisting of 5,921,199 shares. EMPL is a Singapore-incorporated company involved in the business of owning and operating an automobile workshop centre for the repair and servicing of automobiles in Singapore (the "**EMPL Business**"). EMPL also owns a short term lease of Block 1010 Bukit Merah Lane 3 #01-11, Singapore 159724, which serves as the premises from which the EMPL Business is operated.

EMPL operates a one-stop shop automobile service and enhancement centre for premium and exotic car brands such as, amongst others, Lamborghini, Porsche, Ferrari, Maserati and Bentley, and offers a complete line of upgrades for such premium and exotic cars. The extensive range of services that EMPL offers includes factory quality servicing and maintenance, repair with genuine pre-purchase evaluation. In addition, EMPL carries a selection of renowned auto mobile performance parts from international brands and offers car importation services and in-house warranties for its customer's automobiles.

### 3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

#### 3.1 Consideration

The aggregate consideration for the Sale Shares, EG Loans and EA Loans is S\$1,411,717.80 (“**Purchase Consideration**”).

Based on the latest combined unaudited management accounts as at 31 August 2018, the unaudited net tangible liability attributable to the Sales Shares is S\$187,755.00 (“**NTL**”). As at the date of the SPA, the net book value of the EG Loans and EA Loans is S\$1,411,716.80 (“**Loan Net Book Value**”). The excess of the purchase consideration over the NTL and Loan Net Book Value is approximately S\$187,756.00. Upon completion of the Proposed Disposal, the Group expects to record a gain of approximately S\$187,756<sup>1</sup>.

There was no open market value for the Sale Shares as the shares of AutoInc are not publicly traded. No valuation on the Sale Shares was carried out in connection with the Proposal Disposal by the parties.

The Consideration was arrived at after arm’s length negotiations, on a willing-buyer and willing-seller basis, by taking into account, the business prospects and net tangible assets of AutoInc and the outstanding amount of the EG Loans and EA Loans.

#### 3.2 Conditions Precedent

The sale and purchase of the Sale Shares and assignment of the EG Loans and the EA Loans is conditional upon all material approvals, consents, licenses, permits, waivers and exemptions, including but not limited to approval from Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and/or the Company’s shareholders (if required) (collectively, “**Approvals**”) for the sale and purchase and assignment of the Sale Shares, EG Loans and EA Loans to the Purchaser and all transactions contemplated herein and where any such Approval is subject to conditions, such conditions being reasonably acceptable to the parties, and if such conditions are required to be fulfilled on or before the date falling seven (7) calendar days after the satisfaction or waiver of the final condition or such other date as may be mutually agreed to by the Parties in writing (“**Completion Date**”), such conditions having been fulfilled on or before such date, and such Approvals remaining in full force and effect, being fulfilled or satisfied on or before the date following three (3) months from the date of this SPA or such other period as the parties may agree in writing.

#### 3.3 Completion

Completion of the sale and purchase of the Sale Shares and assignment of the EG Loans and EA Loans shall take place on the Completion Date at 24 Leng Kee Road, #01-03, Singapore 159096 (or at such other place as the parties may agree in writing) whereupon, against payment of the First Instalment (as defined below), the Company shall deliver to the Purchaser:

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<sup>1</sup> The estimated gain was computed based on combined unaudited management accounts of AutoInc as at 31 August 2018.

- (a) share certificate(s) in the name of the Company for the Sale Shares;
- (b) duly executed share transfer form(s) in respect of the Sale Shares in favour of the Purchaser; and
- (c) duly executed deeds of assignment in respect of the EG Loans and EA Loans in favour of the Purchaser and such other documents as the Purchaser may require from time to time to effect and complete the assignment of the EG Loans and EA Loans.

Against fulfilment of the Company's obligations above, the Purchaser shall pay to the Company the Purchase Consideration in instalments as set out below by way of cheque or bank draft or cashier's order drawn on a licensed bank in Singapore made out in favour of the Company:

<b><i>Aggregate amount payable to the Company and EuroSports Auto</i></b>	<b><i>Payment Date</i></b>
S\$50,000.00 ("First Instalment")	On Completion Date
S\$250,000.00	On or before 30 November 2018
S\$100,000.00	On 31 May 2019
S\$100,000.00	On 30 November 2019
S\$100,000.00	On 31 May 2020
S\$100,000.00	On 30 November 2020
S\$100,000.00	On 31 May 2021
S\$100,000.00	On 30 November 2021
S\$100,000.00	On 31 May 2022
S\$100,000.00	On 30 November 2022
S\$100,000.00	On 31 May 2023
S\$100,000.00	On 30 November 2023
S\$111,717.80	On 31 May 2024

Pursuant to the terms of the SPA, the Parties agree, and EuroSports Auto confirms and acknowledges that all payments due and payable by the Purchaser shall be paid to the Company, who shall receive and hold such amount for and on behalf of EuroSports Auto, and EuroSports Auto further confirms and acknowledges that such payment shall constitute full and final payment of any amount due by the Purchaser to EuroSports Auto.

#### **4. RATIONALE FOR THE PROPOSED DISPOSAL**

The Company is of the view that the Proposed Disposal is in the best interests of the Group as AutoInc has not performed in line with the Group's expectation due to the stiff competition that it faced and the adverse economic environment. The Proposed Disposal will allow the Group to focus on the core business of the Group.

## 5. USE OF PROCEEDS

The estimated net proceeds from the Proposed Disposal (“**Net Proceeds**”), based on the Purchase Consideration and after deducting estimated costs and expenses to be incurred in connection with the Proposed Disposal, are approximately S\$1,411,717.80.

The Company intends to use the proceeds from the Proposed Disposal to fund the working capital requirements of the Group.

## 6. RELATIVE FIGURES OF THE PROPOSED DISPOSAL UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures in respect of the Proposed Disposal, as computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rule of Catalyst of the SGX-ST (the “**Catalist Rules**”) and based on (i) the Group’s audited consolidated financial statements for the financial year ended 31 March 2018 (“**FY2018**”), and (ii) the combined audited financial statements of Autolnc for the financial year ended 31 March 2018, are as follows:

1.	<b>Rule 1006(a)</b>	
	Net asset value of the Sale Shares, EG Loans and EA Loans	S\$1,364,277
	Net asset value of Group	S\$8,821,000.00
	Relative figure	15.47%
2.	<b>Rule 1006(b)</b>	
	Net profits <sup>(1)</sup> attributable to the Sale Shares, EG Loans and EA Loans for FY2018	(S\$32,312)
	Net profits <sup>(1)</sup> of the Group for FY2018	(S\$3,967,000.00)
	Relative figure	0.81%
3.	<b>Rule 1006(c)</b>	
	Aggregate value of consideration received	S\$1,411,717.80
	Market capitalisation of the Company as at 17 October 2018, being the market day preceding the date of the SPA	S\$55,650,000 <sup>(2)</sup>
	Relative figure	2.54%
4.	<b>Rule 1006(d)</b>	
	Number of shares to be issued by the Company as consideration for an acquisition	Not applicable to the Proposed Disposal
	Number of shares in issue of the Company	
	Relative figure	
5.	<b>Rule 1006(e)</b>	
	Aggregate volume or amount of proved and probable reserves to be disposed of	Not applicable to the Proposed Disposal

**Notes:**

- (1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) The market capitalisation of the Company of S\$55,650,000.00 is determined by multiplying the Company's total number of issued shares of 265,000,000 shares by S\$0.21, being the average share price of the Company' shares on 17 October 2018, being the market day preceding the date of the SPA.

As the relative figure computed under Rule 1006(a) of the Catalist Rules exceeds 5.0%, but does not exceed 50.0%, the Proposed Disposal constitutes a discloseable transaction under Chapter 10 of the Catalist Rules.

## **7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

The financial effects of the Proposed Disposal on the Group are prepared based on the Group's audited consolidated financial statements for the financial year ended 31 March 2018. For the purpose of computing the earnings per share ("EPS") of the Group after the Proposed Disposal, it is assumed that the Proposed Disposal was completed on 1 April 2017. For the purpose of computing the net tangible assets ("NTA") per share of the Group, it is assumed that the Proposed Disposal was completed on 31 March 2018.

### **7.1 Share capital**

As at the date of this announcement, the issued and paid-up capital of the Company is S\$18,469,317.00 comprising 265,000,000 Shares. The Proposed Disposal will have no impact on the issued and paid-up share capital of the Company.

### **7.2 NTA per Share**

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
<b>NTA (S\$'000)</b>	8,821	10,233
<b>Number of Shares ('000)</b>	265,000	265,000
<b>NTA per Share (S\$ cents)</b>	3.33	3.86

### **7.3 Effect on EPS**

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
<b>Net loss (S\$'000)</b>	3,905	3,873
<b>Weighted average number of shares ('000)</b>	265,000	265,000
<b>Loss per Share (cents)</b>	1.47	1.46

## 8. SERVICE AGREEMENTS

No person will be appointed to the Company in connection with the Proposed Disposal and no service contracts in relation thereto will be entered into by the Company.

## 9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

## 10. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at 24 Leng Kee Road, #01-03, Singapore 159096 for a period of three (3) months from the date of this announcement.

By Order of the Board  
EuroSports Global Limited  
Melvin Goh  
Chief Executive Officer  
18 October 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the 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.*

*The contact person for the Sponsor is Mr Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*

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