TRAVELITE HOLDINGS LTD.
(Incorporated in Singapore)
(Company Registration Number: 200511089K)

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED DISPOSAL OF YANGTZEKIANG INDUSTRIES SDN BHD

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1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Travelite Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**"), wishes to announce that the Company has on 26 October 2017 entered into a legally binding memorandum of understanding (the "**MOU**") with F Retail Sdn Bhd (the "**Purchaser**") for the proposed disposal by the Company of its entire shareholding interests in its wholly-owned subsidiary, Yangtzekiang Industries Sdn Bhd ("**YISB**") to the Purchaser (the "**Proposed Disposal**").

The Proposed Disposal will result in YISB ceasing to be a subsidiary of the Company. The entire issued and paid-up share capital of YISB's wholly-owned subsidiary, YGM Marketing Sdn Bhd, will be transferred to the Company prior to the completion of the Proposed Disposal.

2. INFORMATION ON YISB AND THE PURCHASER

2.1 YISB

YISB is a company incorporated in Malaysia, and has an issued and paid-up share capital of RM15,593,579 (approximately S$5,011,496) divided into 15,593,579 ordinary shares. It is principally engaged in the business of trading in garments, wholesale and retailing of fashion apparels and related products in Malaysia.

2.2 The Purchaser

The Purchaser, a company incorporated in Malaysia, is principally engaged in the business of retail sale of leather goods, accessories of leather and leather substitutes. The sole shareholder cum director of the Purchaser is Mr Liew Voon Jin.

Mr Liew Voon Jin is not related to the Company and any of its Directors or controlling shareholders and their respective associates.

3. SALE CONSIDERATION

The aggregate sale consideration for the Proposed Disposal (the "**Sale Consideration**") is RM100,000 (or approximately S$32,000) if the net tangible assets (the "**NTA**") of YISB based on the unaudited management accounts as at 31 October 2017 exceeds RM100,000. Otherwise it shall be reduced to RM50,000 (or approximately S$16,000).

The Sale Consideration was arrived at on a willing buyer and willing seller basis between the Company and the Purchaser after taking into account, *inter alia*, the NTA of YISB after write-back of debts owed to the Company and its subsidiaries explained in paragraph 5 below.

The Sale Consideration shall be payable in cash by the Purchaser to the Company in the following manner:

(i) 20% of the Sale Consideration is payable upon the signing of the definitive agreement(s) and is fully refundable to the Purchaser in the event the Proposed Disposal does not complete for reason(s) beyond the Purchaser's control; and

(ii) The balance Sale Consideration is payable in four (4) equal monthly instalments commencing on the date falling one (1) calendar month after the date of completion.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The rationale for and the benefits of the Proposed Disposal are as follows:

(i) YISB is plagued by high costs of sales and falling gross and net profit margins due to the challenging economic climate and intensely competitive business environment in Malaysia. It incurred losses throughout the past five financial years from 2013 to 2017. Moving forward, YISB is expected to require continued funding in view of the escalating operating overheads and falling demand. It is not probable that YISB will be able to turn around in the next few years;

(ii) Post-completion, the Purchaser or its affiliated entity will be entering into an agreement with YG Marketing Pte. Ltd., one of the Company's subsidiaries, to act as the authorised distributor of apparels under certain brands in Malaysia. Such arrangement will allow the Group to derive royalty income; and

(iii) The Proposed Disposal is consistent with the Group's plan to re-model itself, with an aim to move up the value chain to enable it to operate in a more cost efficient manner under a leaner structure.

5. SALIENT TERMS OF THE MOU

The MOU sets out the preliminary intentions of the parties with regard to the Proposed Disposal, and is subject to, *inter alia*, the terms of the definitive agreement(s) to be entered into between the parties.

Under the MOU, the Company shall procure that its group of companies waive all debts and loans owed by YISB to them as at 31 October 2017 (As at 31 August 2017, the debts and loans owed by YISB to the Group amounted to approximately RM10.3 million (or approximately S$3.3 million)). In addition, the Purchaser shall be deemed to be the beneficial holder of the entire issued and paid-up share capital of YISB with effect from 1 November 2017, and all money, dividends, interests, bonuses, rights and other benefits and privileges accrued upon, attached to or arising from such shares shall be deemed to be held in trust for the Purchaser, subject to the completion of the Proposed Disposal.

6. USE OF PROCEEDS

The net tangible liabilities of YISB as at 31 March 2017 was RM9,097,001 (or approximately S$2.9 million) and the net loss attributable to YISB for the financial year ended 31 March 2017 ("**FY2017**") was RM2,191,564 (or approximately S$719,000).

Based on the audited financial statements of the Group for FY2017, the book value of YISB was approximately negative S$2.9 million as at 31 March 2017. Assuming that the Sale Consideration is RM100,000, the gain on the Proposed Disposal is approximately S$257,000.

Assuming that the Sale Consideration is RM100,000, the Company expects to receive net proceeds of approximately RM70,000 (or approximately S$22,000) from the Proposed Disposal (after deducting transaction costs of approximately S$10,000).

The entire net proceeds of the Proposed Disposal will be used for working capital of the Group.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal are purely for illustrative purposes only and do not reflect the future actual financial position of the Group after completion of the Proposed Disposal.

7.1 NTA

The effect of the Proposed Disposal on the NTA per share of the Group for FY2017, assuming that the Proposed Disposal had been effected at the end of FY2017 and the Sale Consideration is RM100,000 is as follows:

As at 31 March 2017	**Before the Proposed Disposal**	**After the Proposed Disposal**
NTA (S$'000)	29,315	29,165
NTA per share (cents)	46.46	46.22

7.2 Earnings per Share

The effect of the Proposed Disposal on the earnings per share of the Group for FY2017, assuming that the Proposed Disposal had been effected at the beginning of FY2017 and the Sale Consideration is RM100,000 is as follows:

FY2017	**Before the Proposed Disposal**	**After the Proposed Disposal**
Profits after tax and non-controlling interests (S$'000)	424	574
Earnings per share (cents)	0.67	0.91

8. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") are set out below:

Rule	**Basis**	**Relative Figure**
1006(a)	Net asset value (the "**NAV**") of the assets to be disposed of, compared with the Group's NAV	(9.7)%[(1)]
1006(b)	Net loss attributable to the assets disposed of, compared with the Group's net profit	(132.1)%[(2)]
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	0.3%[(3)]

1006(d)	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.
1006(e)	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 negative NAV of YISB of approximately S$2.9 million and the Group's NAV of approximately S$29,627,000 as at 31 March 2017.

(2) Based on the net loss attributable to YISB of approximately S$719,000 and the Group's net profit of approximately S$544,000 for FY2017.

(3) Based on the Sale Consideration of approximately S$32,000 (RM100,000) and the Company's market capitalisation of approximately S$12.6 million as at 25 October 2017 (being the last market day preceding the date of the MOU).

On the bases of Rule 1006(b) above, the Proposed Disposal is a "major transaction" as defined in Rule 1014 of the Listing Manual. Accordingly, the approval of the shareholders of the Company at an extraordinary general meeting is required for the Proposed Disposal.

9. SERVICE CONTRACT

There are no directors proposed to be appointed to the Company in connection with the Proposed Disposal.

10. 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 Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

11. DOCUMENT FOR INSPECTION

A copy of the MOU is available for inspection at the Company's registered office at 53 Ubi Avenue 3, Travelite Building, Singapore 408863 for three months from the date of this announcement.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Disposal upon the execution of the definitive agreement(s) or when there are further developments on the Proposed Disposal.

13. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors of the Company are reminded that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

By Order of the Board

Yeo Toon Wee
Executive Director
26 October 2017