CIRCULAR DATED 18 APRIL 2017

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

This Circular is issued by Travelite Holdings Ltd. (the "**Company**"). If you are in any doubt as to the course of 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 the Company represented by physical share certificate(s), please forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form, immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

TRAVELITE HOLDINGS LTD.

(Company Registration Number 200511089K)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PROPOSED DISPOSAL OF DELSEY ASSETS (AS DEFINED HEREIN) IN RELATION TO THE JOINT VENTURE WITH DELSEY ASIA LIMITED

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	1 May 2017 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	3 May 2017 at 10.00 a.m.
Place of Extraordinary General Meeting	:	205A Kallang Bahru Singapore 339342

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

"Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Board"	:	The board of Directors of the Company for the time being
"Business"	:	The business of distribution, wholesale and retail of the Products in Singapore, Malaysia and Indonesia
"Business Day"	:	Any day of the week except for Saturday, Sunday and public holidays in Singapore
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 18 April 2017
"Company"	:	Travelite Holdings Ltd.
"Completion"	:	The completion of the subscription of 648 and 350 new JVC Shares by DAL and Demarco, respectively
"Completion Date"	:	The date which is three (3) Business Days after the fulfilment of the conditions precedent set out in paragraph 2.3.3 of this Circular, or such other date to be mutually agreed in writing between DAL and Demarco
"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 issued voting share capital of the Company; or (b) in fact exercises Control over the Company
"DAL"	:	Delsey Asia Limited
"Delsey Assets"	:	The assets required for the Business to be carried on by the JVC which comprise: (a) all inventory of the Products in the Demarco Delsey Business that is in and under Demarco's ownership as at 31 December 2016; and (b) all other assets used by Demarco in the Demarco Delsey Business

"Delsey Group"	:	DHI Company SAS and its subsidiaries
"Demarco"	:	Demarco Pte Ltd, a wholly-owned subsidiary of the Company
"Demarco Delsey Business"	:	The business of distribution, wholesale and retail of the Products in Singapore and Malaysia carried on by Demarco pursuant to the Demarco Delsey Distributorship
"Demarco Delsey Distributorship"	:	The distributorship agreement dated 14 May 2014 pursuant to which DAL granted Demarco the right to distribute the Products in Singapore, Malaysia and Cambodia
"Directors"	:	The directors of the Company as at the date of this Circular
"Effective Date"	:	1 January 2017
"EGM"	:	Extraordinary General Meeting
"EPS"	:	Earnings per Share
"FY"	:	Financial year ended or ending 31 March (as the case may be)
"Group"	:	The Company and its subsidiaries as at the date of this Circular
"GST"	:	Goods and Services Tax
"Joint Venture"	:	The proposed joint venture by Demarco and DAL to jointly undertake the Business to be managed by the JVC
"JVA"	:	The joint venture and shareholders' agreement dated 13 February 2017 entered into by Demarco with DAL and the JVC relating to the Joint Venture
"JVC"	:	Delsey Singapore Pte. Ltd.
"JVC Shares"	:	Ordinary share(s) in the share capital of the JVC
"Latest Practicable Date"	:	10 April 2017, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"NTA"	:	Net tangible assets
"Products"	:	Luggage and travel accessory products bearing the "Delsey" trademark, name or brand

"Proposed Disposal"	:	The proposed disposal by the Company of the Delsey Assets to the JVC pursuant to the terms and conditions of the JVA
"Securities Account"	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
"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, 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
"Substantial Shareholder"	:	A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued voting share capital of the Company

Currencies, Units and Others

"$" and *"cent"*	:	Singapore dollar and cent, respectively
"%" 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.* Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall 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 Listing Manual 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 Listing Manual 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.

TRAVELITE HOLDINGS LTD.

(Company Registration Number 200511089K)
(Incorporated in the Republic of Singapore)

Directors:

Mr Thang Teck Jong (Executive Chairman)
Mr Hoe Kee Kok (Executive Director)
Mr Foong Daw Ching (Lead Independent Director)
Mr Tan Chun Chieh (Independent Director)

Registered Office:

205A Kallang Bahru
Singapore 339342

18 April 2017

To: The Shareholders of Travelite Holdings Ltd.

Dear Sir/Madam

PROPOSED DISPOSAL OF DELSEY ASSETS IN RELATION TO THE JOINT VENTURE WITH DAL

1. INTRODUCTION

1.1 Joint Venture and Proposed Disposal

On 13 February 2017, the Company announced that Demarco Pte Ltd ("**Demarco**"), a wholly-owned subsidiary of the Company, has entered into the joint venture and shareholders' agreement dated 13 February 2017 (the "**JVA**") with Delsey Asia Limited ("**DAL**") and Delsey Singapore Pte. Ltd. (the "**JVC**") in relation to the Joint Venture and the Proposed Disposal.

Pursuant to the JVA, DAL and Demarco shall hold 65% and 35% of the resultant share capital of the JVC respectively. In addition, Demarco shall transfer to the JVC the business of distribution, wholesale and retail of luggage and travel accessory products bearing the "Delsey" trademark, name or brand (the "**Products**") in Singapore and Malaysia carried on by Demarco (the "**Demarco Delsey Business**") in accordance with the distributorship agreement dated 14 May 2014 pursuant to which DAL granted Demarco the right to distribute the Products in Singapore, Malaysia and Cambodia (the "**Demarco Delsey Distributorship**"). The transfer of the Demarco Delsey Business include the sale of the assets required for the business to be carried on by the JVC, which comprise all inventory of the Products in the Demarco Delsey Business that is in and under Demarco's ownership as at 31 December 2016, and all other assets used by Demarco in the Demarco Delsey Business (the "**Delsey Assets**"), to the JVC.

In connection with the foregoing, DAL and Demarco have agreed to terminate the Demarco Delsey Distributorship, enter into a separate distributorship agreement for Cambodia on substantially the same terms as the Demarco Delsey Distributorship and appoint the JVC as the exclusive distributor of the Products in Singapore, Malaysia and Indonesia.

1.2 Major Transaction

The Proposed Disposal is governed by the rules of Chapter 10 of the Listing Manual. The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual 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	8.4%[(1)]
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	(29.9)%[(2)]
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	31.7%[(3)]
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 net asset value of the Delsey Assets of approximately S$2,346,000 and the net asset value of the Group of approximately S$28,047,000 as at 30 September 2016.

(2) Based on the net profit before tax attributable to the Delsey Assets of approximately S$241,000 and the Group's net loss before tax of approximately S$805,000 for the half year ended 30 September 2016.

(3) Based on the aggregate sale consideration of approximately S$4.0 million (please refer to paragraph 2.4 of this Circular for further details) and the Company's market capitalisation of approximately S$12.6 million (being the Company's issued ordinary share capital of 63,098,409 Shares (excluding treasury shares) and the volume weighted average price of the Shares on the SGX-ST of S$0.20 on 9 January 2017 (being the market day preceding the date of the JVA where the Shares were last traded)).

As the relative figures computed under Rule 1006(b) and (c) of the Listing Manual exceed 20%, the Proposed Disposal constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is conditional upon approval by Shareholders at an EGM to be convened pursuant to Rule 1014 of the Listing Manual.

1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to and to seek Shareholders' approval for the Proposed Disposal at the forthcoming EGM.

2. PROPOSED DISPOSAL

2.1 Information on DAL and the JVC

DAL, a company incorporated on 14 December 2006 in Hong Kong, is wholly-owned by DHI Company SAS which was incorporated in Paris, France. The Delsey Group specialises in the manufacture and distribution of luggage and travel accessories globally marketed under its proprietary "Delsey" brand since 1946. It has direct subsidiaries and 64 distributors across 100 countries in the world. It is headquartered in Paris, France and its business functions are diversified among three regional offices in Europe, America and Asia. The Delsey Group registered a turnover of Euro 234 million (equivalent to approximately S$353 million) for its last financial year ended 31 December 2016.

DAL is the authorised master distributor of "Delsey" products in Asia, and had granted Demarco the right to distribute the Products in Singapore, Malaysia and Cambodia pursuant to the Demarco Delsey Distributorship. DAL in turn, was granted by Delsey SA, another subsidiary of DHI Company SAS, the rights to sub-licence the trademark owned by Delsey SA, appoint distributors and sell the products bearing the trademark owned by Delsey SA in Asia and Asia-Pacific region via a trademark licensing agreement.

The JVC was incorporated in Singapore on 6 October 2016 with an initial issued and paid up share capital of S$2 comprising 2 JVC Shares held by Cheung Kin Man, a director of the JVC, in trust for DAL. The JVC has not commenced business since its incorporation.

2.2 Rationale for the Joint Venture and Proposed Disposal

Demarco has been the appointed distributor of the Products in Singapore and Malaysia since 2009 and Cambodia since 2014. DAL, the authorised master distributor of "Delsey" products in Asia, aspires to grow via distribution-led acquisitions in the Asia-Pacific region.

Recognising Demarco's contributions in building up the local distribution network as well as the Group's established network in Southeast Asia, DAL invited Demarco to participate in the Joint Venture and offered equity stake of 35% in the JVC to Demarco for a nominal value of S$350 in consideration of the premature termination of the Demarco Delsey Distributorship. The expiry date of the Demarco Delsey Distributorship is 31 December 2018.

The Group had commissioned a valuation on its 35% equity stake in the JVC and the indicative fair value of the 35% equity stake in the JVC as at 1 January 2017 ascribed by the independent professional valuer, PricewaterhouseCoopers Advisory Services Pte Ltd, is approximately S$2,439,000 based on a discounted cash flow approach.

Accordingly, the Group agreed to prematurely terminate the Demarco Delsey Distributorship and enter into the Joint Venture with DAL after taking into consideration the established relationship with DAL, the Group's confidence in the prospect of the JVC given the profitable track record of Demarco Delsey Business and that the JVC will continue to leverage on the distribution network and brand image established in the market and built up by Demarco over the years, and the attractive terms offered by DAL in relation to the JVC. The 35% equity stake is valued at approximately S$2,439,000, which is about the estimated profits forgone by Demarco for the unexpired contract period in relation to the early termination of the Demarco Delsey Distributorship.

Moreover, DAL will be responsible for managing the operations of the JVC and the Group is not expected to commit any resources to the operations of the JVC. There is no cost involved in the premature termination of the Demarco Delsey Distributorship.

2.3 Principal Terms of the JVA

2.3.1 Sale of Delsey Assets

Subject to Completion taking place, Demarco shall sell and the JVC shall purchase the Delsey Assets with retrospective effect on and from the Effective Date, in the following manner:

(a) In respect of all inventory of the Products in the Demarco Delsey Business that is in and under Demarco's ownership as at 31 December 2016, the purchase consideration shall be the total landed costs of such inventory determined and mutually agreed upon between DAL and Demarco following the completion of stock take of all inventory as certified by the appointed auditors of the JVC (the "**Inventory Purchase Price**") by no later than the Completion Date. For indication purposes, the total landed costs of such inventory as at 31 December 2016 was approximately S$2,326,000. The aggregate net book value of such inventory as at 31 December 2016 was S$2,303,000; and

(b) In respect of all other assets used by Demarco in the Demarco Delsey Business, the purchase consideration shall be S$157,720.71, being the aggregate net book value of such assets as at 31 December 2016 (the "**Asset Purchase Price**").

The Inventory Purchase Price and Asset Purchase Price shall be subject to GST at prevailing rate, being such additional amount which shall be borne by the JVC pursuant to the relevant tax invoice(s) issued by Demarco in accordance with applicable law for the Inventory Purchase Price and Asset Purchase Price respectively.

The JVC shall pay to Demarco:

(i) the Asset Purchase Price of S$157,720.71 in cash upon Completion which will be funded by the net cash returned by Demarco for net collections on behalf of the JVC during the period from Effective Date to Completion Date as further described in paragraph 2.3.4.1 of this Circular; and

(ii) the Inventory Purchase Price of approximately S$2,326,000 in 12 equal monthly cash instalments in the following manner:

(aa) the first instalment payment commencing on the date falling one (1) calendar month after the Completion Date, provided that the certification of the stock take of all inventory in accordance with paragraph 2.3.1(a) of this Circular shall have taken place by the Completion Date, failing which the first instalment payment shall commence one (1) calendar month after the date of the said certification; and

(bb) the subsequent payments shall be on the same day of the subsequent months, provided that the JVC shall be permitted at any time to make advance payment of any one, more or all of the outstanding instalments.

Interest on the Inventory Purchase Price at a rate of 1% per month calculated in arrears every month and based on a reducing balance method, for the period commencing from the Effective Date until the entire of the Inventory Purchase Price has been fully repaid, shall be payable together with the monthly instalment payments set out in paragraph 2.3.1(ii) of this Circular.

In the event of late payment, additional interest at a rate of 2% per month on the overdue amounts shall be payable by the JVC to Demarco.

The parties agree that, in consideration of Demarco agreeing to the payment of the Inventory Purchase Price in the manner as set out in paragraph 2.3.1(ii) of this Circular, the JVC shall provide and execute a deed of charge granting a floating charge over all its inventory of the Products, in favour of Demarco as security for the JVC's obligations to make payment of the Inventory Purchase Price (the "**Deed of Charge**"). There is no requirement for the JVC to maintain a minimum inventory and no deed of charge over the cash of the JVC.

2.3.2 Capital Contribution towards the JVC

Subject to the fulfilment of the conditions precedent set out in paragraph 2.3.3 of this Circular, the JVC shall increase its issued and paid-up share capital from S$2 divided into 2 JVC Shares to S$1,000 divided into 1,000 JVC Shares, by way of an allotment and issue of 648 new JVC Shares to DAL and 350 new JVC Shares to Demarco at a subscription price of S$1 per new JVC Share. DAL and Demarco shall hold 65% and 35% of the resultant share capital of the JVC respectively.

The Group will finance the subscription of the new JVC Shares, amounting to S$350, by internal sources.

2.3.3 Conditions Precedent

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

(a) all representations, warranties and undertakings of DAL and the JVC under the JVA being complied with, and being true, accurate and correct in all respects as at the Completion Date, as if repeated at Completion and at all times between the date of the JVA and Completion;

(b) the approval of Shareholders in an EGM (where necessary) having been obtained for the transaction contemplated in the JVA upon the terms and conditions set out therein, including, *inter alia*, the subscription of new JVC Shares and the sale of the assets of the Demarco Delsey Business, as a major transaction and such other matters as are necessary in compliance with the relevant provisions of the Listing Manual;

(c) the completion of the transfer of all JVC Shares held by Cheung Kin Man to DAL;

(d) the JVC having executed the Deed of Charge;

(e) all representations, warranties and undertakings of Demarco under the JVA being complied with, and being true, accurate and correct in all respects as at the Completion Date, as if repeated at Completion and at all times between the date of the JVA and Completion;

(f) the approval of the executive board, supervisory board and shareholders of DAL's holding company having been obtained for the transaction contemplated in the JVA upon the terms and conditions set out therein, including, *inter alia*, the subscription of new JVC Shares; and

(g) the JVC and Demarco having entered into a separate trading agreement in respect of the JVC's conduct of the Business, including but not limited to the logistical and warehousing services to be provided by Demarco to the JVC, on terms to be mutually agreed between the JVC and Demarco.

Completion shall take place within three (3) Business Days after the fulfillment or waiver of the conditions precedent set out above, or such other date to be mutually agreed in writing between the parties. If any of the conditions set out above is not fulfilled or waived by the parties within three (3) months from the date of the JVA or such later date that the parties shall mutually agree, either of the parties may elect to rescind the JVA, and thereafter none of the parties shall have any claim against each other except for antecedent breaches of any term of the JVA.

2.3.4 Other Salient Terms

Other salient terms of the JVA are, *inter alia*:

2.3.4.1 ***Conduct of Demarco Delsey Business from Effective Date to Completion Date***

The parties agree that subject to Completion taking place, the Demarco Delsey Business shall be deemed to have been conducted by Demarco for and on behalf of the JVC with effect from the Effective Date to the Completion Date (both dates included).

Demarco shall pay to the JVC within 30 days following the Completion Date and for the period from the Effective Date to the Completion Date (both dates included), being the "**Relevant Period**", as reflected in the relevant accounting and other records of Demarco, the net sum of:

(i) all cash collected from the conduct of the Demarco Delsey Business and sales of the Products (including GST) during the Relevant Period; *less*

(ii) all expenses incurred by Demarco directly and solely on account of its conduct of the Demarco Delsey Business, but excluding cost of sales, during the Relevant Period.

2.3.4.2 ***Put Option***

DAL irrevocably grants to Demarco the right for Demarco to require DAL to purchase all the JVC Shares held by Demarco (the "**Transferred Shares**") from Demarco (the "**Put Option**"). DAL has the right to wholly or partially substitute for itself any person of its choice, whether an individual or a corporate body, in purchasing the Transferred Shares from Demarco pursuant to the exercise of the Put Option.

The price of the Transferred Shares where the Put Option is exercised shall be determined accordingly based on the period within which the Put Option is so exercised as follows:

	Period Within Which Put Option Exercised	**Type of Price**	**Formula for Calculation of Price[(1)]**
(i)	From Completion Date to 31 May 2021 (both dates included)	Deadlock Put Option Price	90% of S$2,600,000
(ii)	From (and including) 1 June 2021 onwards	Exit Price	$\left[SP \times \frac{\text{(3-year EBITDA)}}{3} \times 4 \right]$

Note:

(1) The value of S$2,600,000 was an estimate of the profits forgone by Demarco for the unexpired contract period in relation to the early termination of the Demarco Delsey Distributorship, plus some premium, mutually agreed between Demarco and DAL. The exit price was formulated to discourage Demarco to exercise the Put Option when a Deadlock occurs as both parties are expected to use best endeavours to reach a mutual agreement. x4 multiplier corresponds to the tenure of the lock-in period (where Demarco is not able to exercise the Put Option except for occurrence of a Deadlock).

Where in the above table:

Deadlock means the withholding of the requisite approval for the following matters by a director appointed by Demarco for a period of at least 90 days following the request for such approval:

(i) any change in share capital, whether by way of issuance of JVC Shares or securities of any kind, including without limitation, as an option or dividend payment, or otherwise;

(ii) the creation or dissolution, purchase or sale of any company, subsidiary, branch, association, trust, joint venture or any other entity, of any kind irrespective of its significance;

(iii) any merger, de-merger or contribution, change in the legal form and more generally any corporate restructuring involving one or more companies;

(iv) any charging or recharging of expenses by the Delsey Group to the JVC amounting to an aggregate greater than S$56,000 for any financial year of the JVC, excluding in-house services effectively provided by the Delsey Group at market price; or

(v) any single expenditure or commitment to any single expenditure (including any capital expenditure) of such value in excess of S$140,000,

(collectively, the "**Reserved Matters**");

EBITDA means in relation to each completed financial year of the JVC, the earnings before interest, taxes, depreciation and amortisation of the JVC determined based on the following items extracted from its audited accounts duly approved by its shareholders and as certified by the JVC's auditor applying the IFRS:

– Net profit or loss after tax; *plus*

– Income tax expense; *plus*

– Interest charge in relation to financial borrowings and assimilated, factored trade receivables, interests expense from any asset financing leases, and discounted bills; *plus*

– Customer invoice settlement discounts given to customers, *less*

– Interest income; *plus*

– Depreciation*; plus*

– Amortisation and impairment of intangibles and goodwill; *plus*

– The non-recurring items and/or exceptional expenses, *less*

– The non-recurring items and/or exceptional income.

SP means the shareholding percentage of Demarco, being the number of Transferred Shares divided by the total number of ordinary shares issued in the share capital of the JVC at the relevant time.

3-year EBITDA means the aggregate of the JVC's EBITDA for the last three (3) financial years immediately preceding the exercise of the Put Option.

For the avoidance of doubt, if the price calculated based on the above formula is a negative number, then the price shall equal to zero.

Purely for illustration purposes and based on the financial performance attributed to Demarco Delsey Business for the past three (3) financial years, the illustrative exit price referred to above would be S$660,531. Nonetheless, this value would not be representative of the actual exit price at the relevant time when the Put Option is exercised due to the differences in cost structure between Demarco and the JVC.

The Put Option may be exercised during any of the following periods:

(i) the 4-week period immediately following the occurrence of a Deadlock; or

(ii) in June of every year from and including June 2021 for so long as Demarco holds any JVC Shares.

For the avoidance of doubt, the Put Option cannot be exercised till after 31 May 2021 if no Deadlock has occurred.

To the best knowledge of the Company, in the light of the background of DAL (please refer to paragraph 2.1 of this Circular for further details) and based on the past dealings the Company has with DAL, the Company believes that DAL will be able to fulfill its obligations under the Put Option, if exercised by Demarco.

2.3.4.3 ***Call Option***

Demarco irrevocably grants to DAL the right for DAL to require Demarco to sell the Transferred Shares to DAL (the "**Call Option**"). DAL has the right to wholly or partially substitute for itself any person of its choice, whether an individual or a corporate body, in purchasing the Transferred Shares from Demarco pursuant to the exercise of the Call Option.

The price of the Transferred Shares where the Call Option is exercised shall be determined accordingly based on the period within which the Call Option is so exercised as follows:

	Period Within Which Call Option Exercised	**Type of Price**	**Formula for Calculation of Price[(1)]**
(i)	From Completion Date to 31 May 2021 (both dates included)	Deadlock Call Option Price	110% of the higher of: (1) S$2,600,000; or (2) $\left[SP \times \frac{\text{(n-year EBITDA)}}{n} \times 4 \right]$
(ii)	From (and including) 1 June 2021 onwards	Exit Price	$\left[SP \times \frac{\text{(3-year EBITDA)}}{3} \times 4 \right]$

Note:

(1) The value of S$2,600,000 was an estimate of the profits forgone by Demarco for the unexpired contract period in relation to the early termination of the Demarco Delsey Distributorship, plus some premium, mutually agreed between Demarco and DAL. The exit price was formulated to discourage DAL to exercise the Call Option when a Deadlock occurs as both parties are expected to use best endeavours to reach a mutual agreement. x4 multiplier corresponds to the tenure of the lock-in period (where DAL is not able to exercise the Call Option except for occurrence of a Deadlock).

Where in the above table:

Deadlock means the withholding of the requisite approval for the Reserved Matters by a director appointed by Demarco for a period of at least 90 days following the request for such approval.

EBITDA means in relation to each completed financial year of the JVC, the earnings before interest, taxes, depreciation and amortisation of the JVC determined based on the following items extracted from its audited accounts duly approved by its shareholders and as certified by the JVC's auditor applying the IFRS:

– Net profit or loss after tax; plus

– Income tax expense; plus

– Interest charge in relation to financial borrowings and assimilated, factored trade receivables, interests expense from any asset financing leases, and discounted bills; *plus*

– Customer invoice settlement discounts given to customers, less

– Interest income; plus

– Depreciation; plus

– Amortisation and impairment of intangibles and goodwill; plus

– The non-recurring items and/or exceptional expenses, less

– The non-recurring items and/or exceptional income.

SP means the shareholding percentage of Demarco, being the number of Transferred Shares divided by the total number of ordinary shares issued in the share capital of the JVC at the relevant time.

3-year EBITDA means the aggregate of the JVC's EBITDA for the last three (3) financial years immediately preceding the exercise of the Call Option.

n-year EBITDA means the aggregate of the JVC's EBITDA for the "n" number of completed financial years immediately preceding the exercise of the Call Option, where "n" shall be a number no greater than three (3). For clarity, if "n" number is greater than three (3), then "n" shall be three (3).

n means the number of financial years following the Completion Date which have been completed as at the time of exercise of the Call Option.

For the avoidance of doubt, if the price calculated based on the above formula is a negative number, then the price shall equal zero.

The Call Option may be exercised during any of the following periods:

(i) the 4-week period immediately following the occurrence of a Deadlock; or

(ii) in June of every year from and including June 2021 for so long as Demarco holds any JVC Shares.

For the avoidance of doubt, the Call Option cannot be exercised till after 31 May 2021 if no Deadlock has occurred.

2.3.4.4 ***Operation of the JVC***

The JVC shall be operated in the following manner:

(i) The JVC shall be managed and represented by a manager of the JVC and/or a Delsey Group company who shall undertake such duties and exercise such powers in relation to the JVC and its business, including the overseeing of the daily operations of, and making the necessary operational decisions for the JVC within his authority.

(ii) The board of directors of the JVC shall be composed of a maximum of five (5) members. Three (3) shall be appointed by DAL and two (2) by Demarco.

(iii) Each shareholder of the JVC is not allowed to transfer any of its JVC Shares, directly or indirectly, by any means whether by sale, merger, exchange, contribution, gift, redemption or otherwise, including pledge, unless such transfer (i) is authorised by the other shareholder, (ii) is the result of the exercise of the Put Option or the Call Option, or (iii) is to an affiliated entity of a shareholder.

(iv) If the JVC requires financial resources for its business operations, it shall obtain such funding either through bank borrowings or by way of shareholder loans, whereupon the shareholders may provide such amounts as required by the JVC in proportion to their respective shareholdings in the JVC at an interest rate of 0.00001% per annum.

(v) The JVC shall declare and distribute 30% of its final accounting profit after tax to its shareholders if it is profitable for any full financial year.

In addition, the JVC will enter into a trading agreement with Demarco pursuant to which the JVC will outsource its warehousing, logistics and after-sales repair services to Demarco in view that Demarco will continue to distribute luggage and travel related products under brands other than Delsey in Singapore post-Completion. Both Demarco and the JVC will have many common customers and Demarco will be able to provide such services to the JVC at a competitive rate due to economies of scale. The inventory of the JVC will be stored at the Group's warehouse but segregated from the Group's inventory.

2.4 Sale Consideration for the Proposed Disposal

Forming part of the sale consideration for the Proposed Disposal is 35% equity interest in the JVC offered by DAL in exchange for the premature termination of Demarco Delsey Distributorship. The equity interest which is to be acquired by Demarco for a nominal value of S$350, was valued by the independent professional valuer, PricewaterhouseCoopers Advisory Services Pte Ltd, to be worth approximately S$2,439,000 based on a discounted cash flow approach. Out of this amount, approximately S$1,481,000 being 65% of S$2,439,000 less GST output tax, is regarded as realised gains on disposal (non-cash) and hence, sale consideration in-kind received by Demarco. The aggregate sale consideration for the Proposed Disposal including Inventory Purchase Price and Asset Purchase Price is therefore approximately S$3,965,000.

2.5 Value of the Delsey Assets and Use of Proceeds

Based on the audited financial statements of the Group for FY2016, the book value of the Delsey Assets was approximately S$2,393,000 as at 31 March 2016. The gain on the sale of the Delsey Assets is approximately S$1,572,000.

The Company expects to receive net proceeds of approximately S$2.4 million from the sale of the Delsey Assets. The excess of the net proceeds over the book value of the Delsey Assets as at 31 March 2016 is approximately S$7,000.

The Company intends to utilise the net proceeds to fund its working capital.

Pending the deployment of the unutilised proceeds for the purpose mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

2.6 Financial Effects of the Proposed Disposal

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

2.6.1 NTA

The effect of the Proposed Disposal on the NTA per Share of the Group for FY2016, assuming that the Proposed Disposal had been effected at the end of FY2016 is as follows:

As at 31 March 2016	**Before the Proposed Disposal**	**After the Proposed Disposal**
NTA (S$'000)	28,564	30,184[(1)]
NTA per Share (cents)	45.27	47.84

Note:

(1) After taking into account the realised gain on disposal (non-cash) and gain on disposal of assets relative to book value as at 31 March 2016.

2.6.2 EPS

The effect of the Proposed Disposal on the EPS of the Group for FY2016, assuming that the Proposed Disposal had been effected at the beginning of FY2016 is as follows:

FY2016	**Before the Proposed Disposal**	**After the Proposed Disposal**
Profits after tax and non-controlling interests (S$'000)	407	2,001[(1)]
EPS (cents)	0.66	3.25

Note:

(1) After taking into account the carved out profit after tax of the Demarco Delsey Business, realised gain on disposal (non-cash), gain on disposal of assets relative to book value as at 31 March 2016, interest income arising from the payment arrangement of the Inventory Purchase Price, and the estimated Group's share of profits of the JVC in the first year.

2.6.3 Gearing

The effect of the Proposed Disposal on the gearing of the Group for FY2016, assuming that the Proposed Disposal had been effected at the end of FY2016 is as follows:

As at 31 March 2016	Before the Proposed Disposal	After the Proposed Disposal
Total borrowings (S$'000)	5,807	5,807
Shareholders' funds (S$'000)	28,910	30,530[(1)]
Gearing ratio (times)	0.20	0.19

Note:

(1) After taking into account the realised gain on disposal (non-cash) and gain on disposal of assets relative to book value as at 31 March 2016.

2.7 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 Proposed Disposal.

3. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

3.1 Interests in the Company

The interests of the Directors and/or Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct interest		Deemed interest	
	Number of Shares	%	Number of Shares	%
Directors				
Thang Teck Jong[(1)]	17,360,385	27.51	9,563,400	15.16
Hoe Kee Kok	1,411,902	2.24	–	–
Foong Daw Ching	–	–	–	–
Tan Chun Chieh[(2)]	150,000	0.24	480,000	0.76
Substantial Shareholder				
Kong Ling Ting @ Kang Ling Ting[(3)]	1,485,000	2.35	1,800,000	2.85

Notes:

(1) Thang Teck Jong is deemed to be interested in 8,078,400 Shares registered in the name of nominee accounts, namely Philip Securities Pte Ltd, Citibank Consumer Nominees Pte Ltd, Maybank Kim Eng Securities Pte Ltd and United Overseas Bank Limited (jointly held by him and his spouse, Kong Ling Ting @ Kang Ling Ting). He is also deemed to be interested in 1,485,000 Shares held by his spouse, Kong Ling Ting @ Kang Ling Ting.

(2) Tan Chun Chieh is deemed to be interested in 480,000 Shares held by his spouse, Poon Wai Yuen.

(3) Kong Ling Ting @ Kang Ling Ting is deemed to be interested in 1,800,000 Shares registered in the name of a nominee account, United Overseas Bank Limited (jointly held by her and her spouse, Thang Teck Jong).

3.2 Interests in the Proposed Disposal

DAL is not related to any of the Directors or Controlling Shareholders and their respective associates.

None of the Directors or Controlling Shareholders 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.

4. DIRECTORS' RECOMMENDATION

Having considered, *inter alia*, the rationale for the Proposed Disposal, the Directors are of the opinion that the Proposed Disposal is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Disposal set out in the notice of EGM.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 20 of this Circular, will be held at 205A Kallang Bahru Singapore 339342 on 3 May 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution in respect of the Proposed Disposal set out in the notice of EGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy/proxies 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 48 hours before the time fixed for the holding of the EGM. The sending 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/proxies if he finds that he is able to do so, although the appointment of the proxy/proxies shall be deemed to be revoked by such attendance.

6.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the holding of the EGM.

7. 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 Disposal, the Company and its subsidiaries, 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.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 205A Kallang Bahru Singapore 339342, 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 JVA;

(c) the Deed of Charge; and

(d) the valuation report referred to in paragraph 2.2 of this Circular.

Yours faithfully
For and on behalf of the Board

Thang Teck Jong
Executive Chairman
Travelite Holdings Ltd.

TRAVELITE HOLDINGS LTD.

(Company Registration Number 200511089K)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Travelite Holdings Ltd. (the **"Company"**) will be held at 205A Kallang Bahru Singapore 339342 on 3 May 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as set out below as an ordinary resolution:

*All capitalised terms used and not defined herein shall have the same meanings given to them in the circular to shareholders of the Company dated 18 April 2017 (the "**Circular**") unless otherwise expressly stated or the context otherwise requires.*

ORDINARY RESOLUTION

PROPOSED DISPOSAL OF DELSEY ASSETS IN RELATION TO THE JOINT VENTURE WITH DELSEY ASIA LIMITED

That:

(a) approval be and is hereby given to the Company to dispose of the Delsey Assets on the terms and subject to the conditions of the joint venture and shareholders' agreement dated 13 February 2017 entered into between the Company, Delsey Asia Limited and Delsey Singapore Pte. Ltd., as a major transaction for the purposes of Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited; and

(b) all the directors of the Company and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary or expedient to give effect to this Ordinary Resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required).

By Order of the Board
TRAVELITE HOLDINGS LTD.

Thang Teck Jong
Executive Chairman
18 April 2017

Notes:

(1) (a) A shareholder of the Company entitled to attend and vote at the EGM and who is not a relevant intermediary may appoint not more than two proxies to attend and vote in his/her stead.

(b) A shareholder of the Company entitled to attend and vote at the EGM and who is a relevant intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder.

"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) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 205A Kallang Bahru Singapore 339342 not later than 48 hours before the time appointed for the holding of 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 shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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 shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder 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 shareholder will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder'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

TRAVELITE HOLDINGS LTD.
(Company Registration Number 200511089K)
(Incorporated in the Republic of Singapore)

Important:

1. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We* _____ (Name) (NRIC/Passport number) _____

of _____ (Address)
being a shareholder/shareholders* of Travelite Holdings 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			

or failing him/her, the Chairman of the Extraordinary General Meeting (the "**EGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at 205A Kallang Bahru Singapore 339342 on 3 May 2017 at 10.00 a.m., and at any adjournment thereof.

(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.)

Ordinary Resolution	**Number of Votes For**	**Number of Votes Against**
To approve the Proposed Disposal		

Dated this _____ day of _____ 2017

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. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. A shareholder of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the EGM of the Company. Where such shareholder appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A shareholder of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the EGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

5. A proxy need not be a shareholder of the Company.

6. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 205A Kallang Bahru Singapore 339342 not less than 48 hours before the time appointed for the EGM.

7. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

9. A corporation which is a shareholder 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.

10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, 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 an instrument appointing a proxy(ies) and/or representative(s), the shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of EGM of the Company dated 18 April 2017.