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

ACQUISITION OF ASSETS AND INVENTORY FROM DELSEY SINGAPORE PTE. LTD. AND DELSEY LUGGAGE MALAYSIA SDN. BHD.

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Travelite Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**"), wishes to announce that Demarco Pte Ltd ("**Demarco**"), a wholly-owned subsidiary of the Company, has on 12 October 2018, entered into an assets purchase agreement (the "**SPA**") with Delsey Singapore Pte. Ltd. ("**DSG**") and Delsey Luggage Malaysia Sdn. Bhd. ("**DMY**") pursuant to which DSG and DMY shall sell and Demarco shall purchase the assets and inventory of DSG and DMY on the terms and conditions of the SPA (the "**Proposed Acquisition**").

2. INFORMATION ON DSG AND DMY

DSG is a 35%-owned associated company of the Company and carries on the business of distribution of Delsey luggage and travel accessory products (the "**Products**") in Singapore, and Malaysia (the "**DSG Business**"). Delsey Asia Limited ("**DAL**") owns the balance 65% stake in DSG. DMY, a wholly-owned subsidiary of DSG, is DSG's appointed distributor of the Products in Malaysia.

Following the completion of the Proposed Acquisition, Demarco will be carrying on the retail and wholesale distribution business of the Products in Singapore and Malaysia by sourcing from DSG exclusively ("**Delsey Business**"), whereas DMY will be dissolved, wound up or liquidated.

3. PRINCIPAL TERMS OF THE SPA

3.1 The key terms under the SPA are, amongst others:

(a) DSG and DMY shall sell and Demarco shall purchase:

(i) all inventory of the Products that is in and under the ownership of DSG and DMY as at 31 July 2018 determined and mutually agreed between the parties following the completion of stock take of all inventory as certified by Demarco's appointed auditors, the purchase consideration of which shall be S$1,012,919.72 and RM993,358.83 (equivalent to approximately S$330,542.26 based on the exchange rate of S$1:RM3.00524) respectively (collectively, the "**Inventory Purchase Price**"); and

(ii) all other assets used in the DSG Business by DSG and DMY and the purchase consideration shall be S$130,804.46 and RM133,004.05 (equivalent to approximately S$44,257.38 based on the exchange rate of S$1:RM3.00524) respectively, being the aggregate net book value ("**NBV**") of such assets as at 31 July 2018 (the "**Asset Purchase Price**").

(b) The total purchase consideration (the "**Purchase Consideration**"), being the aggregate sum of the Inventory Purchase Price and the Asset Purchase Price, shall be paid in 12 equal monthly cash instalments as follows:

(i) the first instalment payments to DSG and DMY shall commence on the date falling one calendar month after the date of completion of the Proposed Acquisition ("**Completion**"); and

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

(c) Interest on the Purchase Consideration at a rate of 1% per month calculated in arrears every month and based on a reducing balance method shall be payable together with the monthly instalment payments for the period commencing from 1 August 2018 (the "**Effective Date**") until the entire Purchase Consideration has been fully repaid. For the avoidance of doubt, such interest shall not accrue nor be payable on any and all amounts paid in advance pursuant to Demarco's right to make such advance payment and with effect from the date of such advance payment.

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

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

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

(c) the approval of the members and directors of DSG and DMY having been obtained for the transaction contemplated in the SPA, upon the terms and conditions set out in the SPA, including, *inter alia*, the sale of the assets of DSG Business;

(d) the finalisation and execution of the distributorship agreement(s) to be entered by the parties in relation to the distribution rights in Singapore, Malaysia and Indonesia;

(e) the termination of the existing logistics, warehousing and after-sales repair services agreement between DSG and Demarco which shall take effect from 1 August 2018 as mutually agreed between the parties; and

(f) (if required) the approval of the shareholders of the Company in an extraordinary general meeting having been obtained for the transaction contemplated in the SPA upon the terms and conditions set out in the SPA, including, *inter alia*, acquisition of the assets of the DSG Business and such other matters as are necessary in compliance with the relevant provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

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 SPA or such later date that the parties shall mutually agree, either of the parties may elect to rescind the SPA, and thereafter none of the parties shall have any claim against each other except for antecedent breaches of any term of the SPA.

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

4. RATIONALE

Demarco has been the appointed distributor of the Products in Singapore and Malaysia since 2009. Effective 1 January 2017, DSG took over Demarco's distributorship pursuant to a joint venture and shareholders' agreement dated 13 February 2017 (the "**JVSHA**").

Based on the audited consolidated accounts of DSG, DSG and DMY incurred a consolidated loss after tax of $341,000 for the period since incorporation on 6 October 2016 to 31 December 2017 ("**FY2017**"). DSG's dismal performance in FY2017 was attributable to poor wholesale performance as well as lack of economies of scale. In addition, DMY's expansion plan was halted due to capital constraint.

The benefits of the Proposed Acquisition are as follows:

(i) Delsey distributorship has been a profitable business of Demarco up to the handover to DSG. Following the joint venture with DAL, based on the revised projection for DSG for the remaining 2.5 years ending on 31 December 2020, the fair value of Demarco's 35% equity stake in DSG is determined to be zero. Such fair value estimate comprises the dividends receivable and the exit price;

(ii) Demarco has the right people to drive the Delsey Business. Having been in the luggage business for over 30 years and having built up the distribution network for Delsey since 2009, Demarco is well placed to take over the retail business during this challenging period;

(iii) The Proposed Acquisition is in line with the Group's plan to re-enter the luggage market in Malaysia to optimise its distributorship rights in the region. The Group plans to expand to the familiar market across the causeway for growth;

(iv) DMY presently only has 7 points-of-sale. Its capital constraint stemmed from the contractual terms of the JVSHA, which resulted in DSG being thinly capitalised and funded mainly through shareholders' loans. With DSG incurring losses, DMY did not receive sufficient capital to expand its business. This issue will be overcome following the Proposed Acquisition;

(v) The Delsey Business aids Demarco in achieving economies of scale; and

(vi) With DSG's re-appointment of Demarco as the distributor in Singapore and Malaysia, DSG will supply to Demarco on a wholesale basis and only incur minimal operating costs. Demarco shall in turn benefit from its 35% share of DSG's profits and receive annual dividends.

In view of the foregoing, the Company is of the view that the entry into the Proposed Acquisition is in its interest.

5. VALUE OF THE ASSETS TO BE ACQUIRED AND FINANCING

Based on the audited consolidated financial statements of DSG for FY2017, the aggregate book value of the assets and inventory of DSG and DMY to be purchased by Demarco was approximately S$1,233,882 as at 31 December 2017.

The Purchase Consideration will be funded through internally generated funds.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

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

The financial effects of the Proposed Acquisition were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2018 ("**FY2018**") and the unaudited financial statements of DSG for the financial period from 1 April 2017 to 31 March 2018.

6.1 Net Tangible Assets

The effect of the Proposed Acquisition on the net tangible assets ("**NTA**") per share of the Group for FY2018, assuming that the Proposed Acquisition had been effected at the end of FY2018 is as follows:

As at 31 March 2018	**Before the Proposed Acquisition**	**After the Proposed Acquisition**
NTA (S$'000)	27,680	27,680
NTA per share (Cents)	43.87	43.87

6.2 Loss Per Share

The effect of the Proposed Acquisition on the loss per share of the Group for FY2018, assuming that the Proposed Acquisition had been effected at the beginning of FY2018 is as follows:

FY2018	**Before the Proposed Acquisition**	**After the Proposed Acquisition**
Loss after tax and non-controlling interests (S$'000)	966	966
Loss per share (Cents)	1.53	1.53

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

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST 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	Not applicable
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	15.5% (1)
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	13.4% (2)
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	Not applicable

	probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	

Notes:

(1) Based on the unaudited net loss before tax attributable to the assets to be acquired of approximately S$204,220 for the financial period from 1 April 2017 to 31 March 2018 and the Group's net loss before tax of approximately S$1.3 million for FY2018.

(2) Based on the Purchase Consideration of approximately S$1.5 million and the Company's market capitalisation of approximately S$11.4 million (being the Company's issued ordinary share capital of 63,098,409 shares (excluding treasury shares and subsidiary holdings) and the volume weighted average price of the Company's shares on the SGX-ST of S$0.18 on 2 October 2018 (being the market day preceding the date of the SPA where the Company's shares were last traded)).

On the basis of Rule 1006 (b) and (c) above, the Proposed Acquisition is a "discloseable transaction" for the purposes of Chapter 10 of the Listing Manual of the SGX-ST.

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 Proposed Acquisition.

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

10. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 53 Ubi Ave 3, Travelite Building, Singapore 408863 during normal business hours for three months from the date of this announcement.

By Order of the Board

Yeo Toon Wee
Executive Director
12 October 2018