

PROPOSED DISPOSAL OF SHARES IN ULTIMATE DRIVE EUROSPORTS PTE. LTD.

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 had on 14 February 2019 entered into a conditional sale and purchase agreement (“**SPA**”) with Ultimately Pte.Ltd. (“**Purchaser**”) pursuant to which the Company shall sell and the Purchaser shall purchase 1,000,001 ordinary shares (“**Sale Shares**”) representing 100% of the issued and paid-up capital of Ultimate Drive Eurosports Pte. Ltd. (“**UDE**”) (the “**Proposed Disposal**”).
- 1.2 The Proposed Disposal constitutes a “discloseable transaction” under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Please refer to Section 7 of this announcement for further details.
- 1.3 Upon the completion of the Proposed Disposal (the “**Completion**”), UDE will cease to be a subsidiary of the Company. As UDE is the operating entity for the Company’s experiential business segment, the Company will cease its operation in such segment following the Proposed Disposal. The Group will continue to be involved in the business of distribution of ultra-luxury automobiles and luxury automobiles and provision of after-sales services.

2. INFORMATION ON UDE AND THE PURCHASER

UDE is a wholly-owned Singapore-incorporated subsidiary of the Group involved in the business of membership fee-based supercar club and short term rental of premium sports cars.

The Purchaser is a exempt private company limited by shares incorporated in Singapore on 28 January 2019. The principle activities of the Purchaser is the renting and leasing of private cars without operator.

Mr Goh Kim Siew, the brother of Mr Melvin Goh and Mr Andy Goh, is a shareholder, holding less than 30%, of the Purchaser. Other shareholders are independent individuals who are interested in car rental and leasing business.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Consideration

The aggregate consideration for the Sale Shares is the aggregate sum of S\$286,065.00 (the “**Purchase Consideration**”). Parties agree and acknowledge that the economic benefits attributable to the Sale Shares shall accrue to the Purchaser with effect from 1 November 2018 notwithstanding Completion at a later date.

Based on the latest combined unaudited management accounts as at 31 October 2018, the unaudited net tangible asset attributable to the Sales Shares is S\$286,065 (“**NTA**”), which is the basis of determining the purchase consideration for the Proposed Disposal. The Proposed Disposal would not result in a gain or loss to the Group.

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

The Purchase 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 UDE.

3.2 Conditions Precedent

The sale and purchase of the Sale Shares is conditional upon:

- (a) all representations, undertakings and warranties provided by the Company under the SPA being complied with, true, accurate and correct as at the date of the SPA and each day up to and including the date falling five (5) Business Days from the date of the SPA, or such other date as the parties may agree in writing; and
- (b) all approvals and consents as may be necessary from any third party, governmental or regulatory body or relevant competent authority for the entry into, completion and performance of the SPA by the parties, being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such consents or approvals are granted or obtained subject to any conditions, such conditions being reasonably acceptable to the parties.

3.3 Completion

Completion of the sale and purchase of the Sale Shares shall take place at such place as the parties may agree on the Completion Date whereupon, against payment of the Purchase Consideration, the Company shall deliver or cause to be delivered to the Purchaser:

- (a) duly executed share transfer form(s) in respect of the Sale Shares in favour of the Purchaser and/or such person(s) as the Purchaser may direct, accompanied by the relevant share certificates in respect of the Sale Shares (or an express indemnity in a form satisfactory to the Purchaser in the case of any certificate found to be missing);

- (b) if applicable, any such documents as may be required for the stamping of the transfers in respect of the Sale Shares; and
- (c) copies of the board resolution of UDE approving (i) the transfer of the Sale Shares to the Purchaser and/or such person(s) as the Purchaser may direct; (ii) the issue of the new share certificates in respect of the Sale Shares in favour of the Purchaser and/or such person(s) as the Purchaser may direct; (c) the entering in the register of members of the Company, the name of the Purchaser and/or such person(s) as the Purchaser may direct as the holder(s) of the Sale Shares.

Against fulfilment of the Company's obligations above, the Purchaser shall pay to the Company a cashier's order made in favour of the Company for an amount equivalent to the Purchase Consideration drawn on a Singapore bank.

3.4 Post-Completion Undertakings

The Purchaser undertakes that it shall, after Completion, use its best endeavours, and shall procure UDE to use its best endeavours:

- (i) to maintain and preserve all its rights, interest and title to a deposit ("**Deposit**") amounting to USD37,076.40 paid by UDE (including all interest accrued and accruing thereon) for the purchase of resort residences in Vietnam to Acteam International Co., Ltd ("**Acteam**") pursuant to the agreement dated 20 May 2016 entered into between Acteam and UDE ("**Acteam Agreement**"); and
- (ii) to pursue and recover, to the fullest extent permitted under all relevant laws and regulations and the terms and conditions of the Acteam Agreement, the Deposit and shall forthwith and in any event no later than three (3) Business Days after receipt of the Deposit or any part thereof, pay the Deposit or such part recovered from Acteam to the Company by way of a cashier's order made in favour of the Company.

In the event UDE fails to recover, for any reason whatsoever, the Deposit or any part thereof ("**Outstanding Deposit**") on or before the date falling two (2) months from the Completion Date, or such other date as the parties may agree in writing ("**Deposit Collection Date**"), the Purchaser shall pay an amount equivalent to the Outstanding Deposit to the Vendor by way of a cashier's order made in favour of the Vendor no later than three (3) Business Days from the Deposit Collection Date.

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 UDE 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\$259,000.

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 latest announced consolidated financial statements for the financial period ended 30 September 2018 (“**1H FY2019**”), and (ii) the latest announced financial statements of UDE for the financial period ended 30 September 2018, are as follows:

| | | |
|----|---|---|
| 1. | Rule 1006(a) | |
| | Net asset value of the Sale Shares | S\$515,572 ⁽¹⁾ |
| | Net asset value of Group | S\$5,883,153 |
| | Relative figure | 8.76% ⁽²⁾ |
| 2. | Rule 1006(b) | |
| | Net profits ⁽³⁾ attributable to the Sale Shares | (S\$474,894.00) |
| | Net profits ⁽³⁾ of the Group for 1H FY2019 | (S\$2,937,725) |
| | Relative figure | 16.17% ⁽⁴⁾ |
| 3. | Rule 1006(c) | |
| | Aggregate value of consideration received | S\$286,065.00 |
| | Market capitalisation of the Company as at 13 February 2019, being the market day preceding the date of the SPA | S\$50,350,000 ⁽⁵⁾ |
| | Relative figure | 0.57% |
| 4. | Rule 1006(d) | |
| | 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. | Rule 1006(e) | |
| | Aggregate volume or amount of proved and probable reserves to be disposed of | Not applicable to the Proposed Disposal |

Notes:

- (1) The net asset value of sale shares is determined after adjusting for the inter-company loans owed by UDE to the Group amounting to S\$1,703,337 written-off in October 2018.
- (2) The relative figure under Rule 1006(a), if computed based on the Group's latest audited net asset value for the financial year ended 31 March 2018, is 11.23%.
- (3) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (4) The relative figure under Rule 1006(b), if computed based on the Group's latest audited net profits for the financial year ended 31 March 2018, is 15.91%.
- (5) The market capitalisation of the Company of S\$50,350,000 is determined by multiplying the Company's total number of issued shares of 265,000,000 shares by S\$0.19, being the average share price of the Company' shares on 13 February 2019, being the market day preceding the date of the SPA.

As the relative figure computed under Rule 1006(b) of the Catalist Rules exceeds 5.0%, but does not exceed 50.0%, the Proposed Disposal constitutes a discloseable transaction as defined in Rule 1010 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 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 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

| | Before the Proposed Disposal | After the Proposed Disposal |
|----------------------------------|-------------------------------------|------------------------------------|
| NTA (S\$'000) | 8,821 | 8,821 |
| Number of Shares ('000) | 265,000 | 265,000 |
| NTA per Share (S\$ cents) | 3.33 | 3.33 |

7.3 Effect on EPS

| | Before the Proposed Disposal | After the Proposed Disposal |
|---|------------------------------|-----------------------------|
| Net loss (S\$'000) | 3,905 | 3,301 ⁽¹⁾ |
| Weighted average number of shares ('000) | 265,000 | 265,000 |
| Loss per Share (cents) | 1.47 | 1.25 |

Notes:

- (1) Net loss after the Proposed Disposal is determined by taking into consideration losses incurred by UDE for the financial year ended 31 March 2018 of S\$631,000 and estimated fees and expenses of approximately S\$27,000.

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

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the date of this announcement, the shareholding interests of the Directors and the Substantial Shareholders are set out below:

| Directors | Direct Interest (No. of Shares) | Deemed Interest (No. of Shares) | Total Interest ⁽¹⁾ | |
|---------------------------------|------------------------------------|------------------------------------|-------------------------------|-------|
| | | | No. of Shares | % |
| Melvin Goh | 66,900,200 | 52,409,000 | 119,309,200 | 45.02 |
| Andy Goh | 53,815,600 | 19,500,000 | 73,315,600 | 27.67 |
| Ng Tiak Soon | - | - | - | - |
| Tan Siok Sing | - | - | - | - |
| Lim Kim Quee | - | - | - | - |
| Substantial Shareholders | | | | |
| Melvin Goh | 66,900,200 | 52,409,000 | 119,309,200 | 45.02 |
| Andy Goh | 53,815,600 | 19,500,000 | 73,315,600 | 27.67 |

Notes:

- (1) As a percentage of the total number of issued Shares as at the date of this announcement comprising 265,000,000 Shares.

Save as disclosed in section 2 of this announcement, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

10. AUDIT COMMITTEE STATEMENT

The members of the Audit Committee do not have any interests in the Proposed Disposal and are accordingly deemed to be independent for the purposes of the Proposed Disposal.

The Audit Committee is of the view that the Proposed Disposal is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the SPA, 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 announcement misleading. Where information in the announcement 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 the announcement in its proper form and context.

12. 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
14 February 2019

*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 Catalist. 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.
