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

PROPOSED DISPOSAL OF PROPERTY LOCATED AT 205A KALLANG BAHRU, SINGAPORE 339342
– GRANT OF OPTION TO PURCHASE

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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 YG Marketing Pte. Ltd. ("**YGM**"), an 87.3%-owned subsidiary of the Company, has on 18 February 2020 granted an option to purchase (the "**Option**") to an independent third party purchaser (the "**Purchaser**") for the sale of its property located at 205A Kallang Bahru, Singapore 339342 (the "**Property**") for an aggregate consideration of S$3.9 million (the "**Purchase Consideration**") on the terms and subject to the conditions of the Option (the "**Proposed Disposal**"). The Option shall remain valid up to 6.00 p.m. on 3 March 2020.

As the relative figure computed under Rule 1006(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**") exceeds 20%, the Proposed Disposal constitutes a "major transaction" as defined in Rule 1014 of the Listing Manual.

2. INFORMATION ON THE PROPERTY

The Property is a leasehold property granted by the JTC Corporation ("**JTC**") with a sixty-year lease tenure commencing from 1 June 1971. It is a three-storey detached factory building comprising office and warehouse spaces, and has a gross floor area of approximately 2,689.08 square metres. The Property was previously used by YGM as its office and warehouse, prior to the relocation and consolidation of the Group's office and warehouse to its current registered office located at 53 Ubi Avenue 3, Singapore 408863 in 2017.

3. SALIENT TERMS OF THE OPTION

3.1 Purchase Consideration

The Purchase Consideration for the Property is S$3.9 million and was arrived at on a willing buyer and willing seller basis, taking into account the latest desktop valuation of the Property of S$5.0 million, the balance tenure of the Property of 11.5 years and offers received for the Property in the past two years in the region of S$3.8 million. Further details on the Valuation Report (as defined below) are set out at section 5 of this announcement.

Under the Option, the Purchase Consideration shall be payable by the Purchaser to YGM in cash as follows:

(a) the sum of S$39,000 (the "**Option Fee**"), which is equivalent to 1% of the Purchase Consideration, shall be payable upon the grant of the Option by YGM;

(b) the sum of S$156,000 (the "**Balance Deposit**"), which is equivalent to 4% of the Purchase Consideration, shall be payable upon exercise of the Option by the Purchaser; and

(c) the balance of the Purchase Consideration, which is equivalent to 95% of the Purchase Consideration, shall be payable upon completion of the Proposed Disposal ("**Completion**").

Under the terms of the Option, in the event that the Option is not exercised by the Purchaser, the Option Fee shall be forfeited to YGM.

3.2 **Other salient terms under the Option**

(a) The Proposed Disposal is subject to, *inter alia*:

(i) JTC's right of first refusal to purchase the Property (if applicable) and YGM and the Purchaser obtaining written in-principle approval from JTC for YGM to sell and the Purchaser to buy all the interest of YGM in the Property for the Purchaser and consent being obtained by the Purchaser from JTC for the change in use of the Property for repair, assembly, packing, trading in old and second hand appliances, electrical electronics and audio goods (the "**In-Principle Approvals**");

(ii) YGM and the Purchaser obtaining the written confirmation from JTC that JTC has no objection to the execution of the instrument of transfer, or such other confirmation of similar nature;

(iii) the approval of shareholders of the Company ("**Shareholders**") being obtained for the Proposed Disposal;

(iv) no notice of acquisition or intended acquisition being served by the relevant government department(s) by the Completion date in respect of the Property which materially affect the Property (i.e. affects or may affect the total extent of 3% or more of the Property or cuts into the building line of the Property); and

(v) receipt of satisfactory replies to the requisitions and interpretation plans sent by the Purchaser's solicitors to the various government departments and the Land Transport Authority of Singapore.

(b) If the In-Principle Approvals for the Proposed Disposal is not obtained within six months from the Option (or such other extended time as parties mutually agree) or JTC refuses to issue the In-Principle Approvals, and the inability to obtain the In-Principle Approvals is (i) not attributable to any action, omission or default of either party or (ii) due to reasons entirely beyond the control of both parties, and parties are unable to do anything whatsoever, the Proposed Disposal may be rescinded at the option of either party, and YGM shall refund to the Purchaser all monies paid by the Purchaser to YGM.

3.3 **Completion**

Under the Option, the Completion will take place on the latest of:

(a) four months from the date of exercise of the Option;

(b) on the date expiring six weeks from the date JTC gives its final approval for the sale and purchase of the Property;

(c) where YGM is required by JTC to regularise unauthorised works, the date falling six weeks from the date when JTC confirms that the unauthorized works have been rectified by YGM;

(d) where JTC requires an Environmental Baseline Study ("**EBS**") to be done by YGM and the EBS shows that there are no contaminants at the Property or the presence of contaminants

at the Property but no decontamination works are required to be carried out, the date falling six weeks from the date when JTC confirms that no decontamination works are required to be carried out; or

(e) where the EBS shows the presence of contaminants at the Property and decontamination works are required by JTC to be carried out by YGM, the date falling six weeks from the date when JTC confirms that the decontamination works are satisfactory to JTC.

4. RATIONALE

The Board believes that the Proposed Disposal is in the best interests of the Group and the Shareholders, as it will enable the Group to realise the value of the Property thereby improving the liquidity of the Group. This would also allow the Group to reallocate its resources to improve and optimise the utilisation of assets.

5. VALUE OF THE PROPERTY

The fair value of the Property is S$5.0 million based on the desktop valuation commissioned by the Group and conducted in April 2019 by Edmund Tie & Company ("**Valuation Report**"), with vacant possession and free from all encumbrances. As the valuation was arrived at without the benefit of site inspection and title search, the valuer based its valuation on the assumption that there was no material change to the Property, of which it conducted a full valuation exercise in March 2016, and arrived at $5.8 million valuation then, using direct comparison methodology. The fair value of the Property was measured based on the highest and best use method to reflect the actual market state and circumstances as of the date of valuation.

The book value of the Property was S$1.58 million as at 30 September 2019.

Based on the unaudited adjusted carrying amount of the Property as at 30 September 2019 of approximately S$1.58 million, which is computed based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2019 ("**FY2019**") and adjusted taking into account the depreciation expenses incurred up to 30 September 2019, the Proposed Disposal is expected to result in a gain on disposal of approximately S$2.32 million.

Based on the latest audited consolidated financial statements of the Group for FY2019, the excess of the proceeds from the Proposed Disposal over the carrying amount of the Property as at 31 March 2019 is S$2.25 million. The net profit before tax attributable to the Property was S$234,000 for FY2019.

6. USE OF PROCEEDS

The Company expects to receive net proceeds of approximately S$3.81 million (after deducting estimated related expenses of approximately S$86,000) from the Proposed Disposal. The Company intends to utilise the net proceeds to pay off a mortgage of S$3.5 million secured by the Property and for the general working capital requirements of the Group.

Pending the deployment of the unutilised proceeds for the purposes 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.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal 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 Disposal were calculated based on the audited consolidated financial statements of the Group for FY2019.

7.1 Net Tangible Assets

The effect of the Proposed Disposal on the net tangible assets ("**NTA**") per share of the Group for FY2019, assuming that the Proposed Disposal had been effected at the end of FY2019 is as follows:

As at 31 March 2019	Before the Proposed Disposal	After the Proposed Disposal
NTA (S$'000)	28,012	30,173
NTA per share (Cents)	44.39	47.82

7.2 Earnings per Share

The effect of the Proposed Disposal on the earnings per share of the Group for FY2019, assuming that the Proposed Disposal had been effected at the beginning of FY2019 is as follows:

FY2019	Before the Proposed Disposal	After the Proposed Disposal
Profit after tax and non-controlling interests (S$'000)	220	2,211
Earnings per share (Cents)	0.35	3.50

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 are set out below:

Rule	Basis	Relative Figure
1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	6.0% (1)
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	1.3% (2)
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation, based on the total number of issued shares excluding treasury shares	47.9% (3)

1006 (d)	Number of equity securities issued by the issuer 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 net asset value of the Group of S$26.55 million and the net asset value of the Property of S$1.58 million as at 30 September 2019.

(2) Based on the net loss attributable to the Property of S$20,000 and the net loss before tax of the Group of S$1.62 million for the half year ended 30 September 2019.

(2) Based on the Purchase Consideration of S$3.9 million and the Company's market capitalisation of approximately S$8.14 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$0.129 on 17 February 2020 (being the market day preceding the date of the Option where the Company's shares were last traded)).

As the relative figure computed under Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal is a "major transaction" as defined in Rule 1014 of the Listing Manual. Accordingly, the approval of the Shareholders at an extraordinary general meeting ("**EGM**") is required for the Proposed Disposal.

9. WAIVER FROM RULE 1019 OF THE LISTING MANUAL

9.1 Application to the SGX-ST

Pursuant to Rule 1019(1) of the Listing Manual, where the Option is not exercisable at the discretion of the Company, the Company is required to obtain the Shareholders' approval at the time of grant of the Option.

The Company had on 10 December 2019 submitted an application for a waiver from the SGX-ST from strict compliance with Rule 1019(1) of the Listing Manual to allow YGM to grant the Option to the Purchaser without prior approval from the Shareholders (the "**Waiver**"), and to seek Shareholders' approval for the Proposed Disposal after the Option has been exercised by the Purchaser and before Completion.

The SGX-ST had, on 23 December 2019, informed the Company that it had no objection to the Waiver, subject to the following conditions:

(a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;

(b) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company; and

(c) the sale of the Property must be subject to shareholders' approval prior to completion of the Proposed Disposal after the Option has been exercised by the Purchaser.

9.2 **Grounds for Waiver**

The grounds for the application of Waiver are as follows:

(a) No significant adverse impact to Shareholders

The Option being a conventional document used in commercial property sale and purchase transactions, is to be provided by YGM to the Purchaser to safeguard YGM's interests in proceeding with the Proposed Disposal by way of receipt of an option fee or deposit from the Purchaser.

The approval of Shareholders in respect of the Proposed Disposal will still be sought in the event the Purchaser exercises the Option pursuant to Rule 1014 of the Listing Manual. The Option has specifically provided that Completion is subject to and conditional upon, *inter alia*, the approval of Shareholders being obtained, failing which the sale and purchase will become null and void and neither YGM nor the Purchaser will have any claim or demand against the other.

On the above basis, the Waiver will not be materially prejudicial to the interests of Shareholders, taking into account that Shareholders will still be provided with an opportunity to vote on the Proposed Disposal prior to Completion.

(b) Terms of the Option are favourable

Taking into consideration the following salient terms of the Option, the Company is of the view that it is in the interests of YGM to grant the Option to the Purchaser:

(i) The Purchaser will have to make payment of the Option Fee to YGM upon the grant of the Option by YGM. In the event that the Option is not subsequently exercised by the Purchaser, the Option Fee would be forfeited to YGM.

(c) Time is of the essence

It is in the interests of YGM to grant the Option as expeditiously as possible to secure the Purchaser's commitment to purchase the Property and to safeguard YGM's interests in proceeding with the Proposed Disposal. The process involved in convening an EGM to obtain the approval of Shareholders at the time of grant of the Option would likely result in a considerable delay to the grant of the Option to the Purchaser, and may jeopardise the Proposed Disposal.

As both YGM and the Purchaser are keen to pursue the Proposed Disposal without delay, the Waiver sought will help to expedite both parties' commercial intentions.

(d) The Proposed Disposal benefits the Group by improving its liquidity

Following the relocation and consolidation of the Group's office and warehouse in 2017, the Group had reclassified the Property as investment property and is holding it for rental and capital appreciation purposes. The Proposed Disposal will realise net cash proceeds of approximately S$3.81 million (after deducting estimated related expenses), thereby improving the liquidity of the Group.

(e) The Proposed Disposal does not result in a material change in the business activities and operations of the Group

Note 3.3.3 of Practice Note 10.1 of the Listing Manual provides that where an issuer proposes to dispose of a non-core business or a non-core asset without affecting the nature of its main business, it is reasonable in normal circumstances to expect shareholders not to be overly concerned about the disposal. In this regard, the Proposed Disposal, though constituting a major disposal under the Listing Manual, will not affect nor result in a material change in the business activities or operations of the Group. Following the completion of the office and warehouse relocation process in 2017, the Group has been and will continue to maintain its business and operations at its current registered office located at 53 Ubi Avenue 3, Singapore 408863.

10. 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.

11. 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.

12. CIRCULAR AND DOCUMENTS FOR INSPECTION

The circular to the Shareholders containing, *inter alia*, further information on the Proposed Disposal and enclosing the notice of EGM will be despatched by the Company to its Shareholders in due course.

A copy of the Option and the Valuation Report are available for inspection at the registered office of the Company at 53 Ubi Avenue 3, Travelite Building, Singapore 408863 during normal business hours for three months from the date of this announcement.

By Order of the Board

Thang Teck Jong
Executive Chairman
18 February 2020