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

SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF YANGTZEKIANG INDUSTRIES SDN BHD

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1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Travelite Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 26 October 2017 (the "**Announcement**") relating to the entry into a legally binding memorandum of understanding (the "**MOU**") with F Retail Sdn Bhd (the "**Purchaser**") for the proposed disposal by the Company of its entire shareholding interests in its wholly-owned subsidiary, Yangtzekiang Industries Sdn Bhd ("**YISB**") to the Purchaser (the "**Proposed Disposal**").

Pursuant to the MOU, the Company and the Purchaser had on 20 December 2017, entered into a sale and purchase agreement (the "**SPA**") in relation to the Proposed Disposal.

2. INFORMATION ON YISB AND THE PURCHASER

2.1 YISB

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

2.2 The Purchaser

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

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

3. SALE CONSIDERATION

The aggregate sale consideration for the Proposed Disposal (the "**Sale Consideration**") is RM50,000 (or approximately S$16,000), which was arrived at on a willing buyer and willing seller basis between the Company and the Purchaser after taking into account the net tangible liabilities (the "**NTL**") of YISB of approximately RM10.3 million (S$3.4 million) as at 31 October 2017.

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

(i) RM10,000 is payable upon the signing of the SPA and is fully refundable to the Purchaser in the event the completion of the Proposed Disposal (the "**Completion**") does not take place due to the Company's default; and

(ii) The balance Sale Consideration is payable in four (4) equal monthly instalments, the first instalment commencing one (1) calendar month after the date of Completion.

4. RATIONALE FOR THE PROPOSED DISPOSAL

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

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

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

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

5. CONDITIONS PRECEDENT

5.1 The Completion is conditional upon the following conditions precedent being fulfilled:

(i) the Company having received the approval of its shareholder (if required) and the approval of all the relevant authorities in Singapore for the transactions contemplated in the SPA (if required);

(ii) YISB having received the approval of its shareholders (if required) for the transactions contemplated in the SPA;

(iii) all consents, approvals and authorisations of relevant third parties, government or regulatory authorities which are necessary or desirable in connection with the transfer of the sale shares from the Company to the Purchaser;

(iv) all representations, warranties and undertakings of the Company and the Purchaser 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 SPA and Completion;

(v) each of the parties having performed all of the covenants and agreements required to be performed or caused to be performed by it under the SPA on or before the date of Completion; and

(vi) the Company or the Purchaser not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened.

5.2 Upon the fulfilment or waiver (if applicable) of the conditions precedent set out in paragraph 5,1 above, Completion shall take place no later than thirty (30) business days from the date of SPA or such other date as may be agreed between the parties.

6. OTHER MATERIAL TERM

Subject to Completion taking place, the Purchaser shall be deemed the beneficial owner of the entire issued and paid-up share capital of YISB with effect from 1 November 2017. The Company shall be deemed holding all and any money, dividends, interests, bonuses, rights and other benefits and privileges accrued upon, attached to or arising from the sale shares for the benefit of and in trust for the Purchaser.

7. USE OF PROCEEDS

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

Based on the audited financial statements of the Group for FY2017, the book value of YISB was approximately negative S$2.9 million as at 31 March 2017. The gain on the Proposed Disposal is approximately S$3.4 million.

The Company expects to receive nil net proceeds from the Proposed Disposal after taking into account transaction costs.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

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

8.1 Net Tangible Assets ("**NTA**")

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

As at 31 March 2017	**Before the Proposed Disposal**	**After the Proposed Disposal**
NTA (S$'000)	29,315	32,282
NTA per share (cents)	46.46	51.16

8.2 Earnings per Share ("**EPS**")

The effect of the Proposed Disposal on the EPS of the Group for FY2017, assuming that the Proposed Disposal had been effected at the beginning of FY2017 is as follows:

FY2017	**Before the Proposed Disposal**	**After the Proposed Disposal**
Profits after tax and non-controlling interests (S$'000)	424	3,707
EPS (cents)	0.67	5.87

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

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") based on the Group's latest announced audited financial statements for FY2017 at the time of the signing of the binding MOU are set out below:

Rule	**Basis**	**Relative Figure**
1006(a)	Net asset value (the "**NAV**") of the assets to be disposed of, compared with the Group's NAV	(9.7)%(1)
1006(b)	Net loss attributable to the assets disposed of, compared with the Group's net profit	(132.1)%(2)
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	0.1%(3)
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable.

Notes:

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

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

(3) Based on the Sale Consideration of approximately S$16,000 and the Company's market capitalisation of approximately S$12.6 million as at 25 October 2017 (being the last market day preceding the date of the binding MOU).

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

10. SERVICE CONTRACT

There are no directors proposed to be appointed to 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 DOCUMENT FOR INSPECTION

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

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

By Order of the Board

Yeo Toon Wee
Executive Director
20 December 2017