



TLV

TLV HOLDINGS LIMITED

Company Registration No. 201526542C

Incorporated in the Republic of Singapore on 22 June 2015

DISPOSAL OF 49% SHAREHOLDING INTEREST IN 茂名市世茂珠宝有限公司

1. SALE AND PURCHASE AGREEMENT

The Board of Directors (the **“Board”** or **“Directors”**) of TLV Holdings Limited (the **“Company”**, together with its subsidiaries, the **“Group”**) wishes to announce that, Taka Hong Kong Venture Limited (**“Taka HK Venture”**), a 70% owned subsidiary of the Company, has on 24 February 2020 entered into a Sale and Purchase Agreement (**“SPA”**) with Maoming Liutao Zhubao Chuangyi Chanye Co. Ltd 茂名六韬珠宝创意产业有限公司 (**“MMLT”** or the **“Purchaser”**) for the disposal of its 49% equity interest in 茂名市世茂珠宝有限公司 (**“Shimao Jewellery”**) (the **“Disposal”**).

Pursuant to the Sale and Purchase Agreement, Taka HK Venture agreed to dispose its 49% in the existing paid-up capital (**“Sale Shares”**) of Shimao Jewellery for a payment in kind amounting to RMB594,341 (approximately S\$115,599) (the **“Consideration”**). Both parties agreed that the Consideration be satisfied by way of in-specie distribution of Shimao Jewellery’s existing stock, at cost, from MMLT upon settlement of the assets and liabilities in Shimao Jewellery to existing shareholders based on the Shimao Jewellery’s audited financial statement ended 30 June 2019. Upon completion of the Disposal, Shimao Jewellery will cease to be an associated company of Taka HK Venture and the Group.

2. INFORMATION ON SHIMAO JEWELLERY AND THE PURCHASER

Shimao Jewellery is a company registered in the People’s Republic of China with a paid-up share capital of RMB4.0 million. Shimao Jewellery is principally involved in the trading and retailing of jewellery in China and was formerly a wholly-owned subsidiary of MMLT.

The Purchaser is an established conglomerate group of companies with its principal business activities of jewellery design, manufacturing, exhibition, wholesale, retail and property development. The Purchaser is not related to any director or controlling shareholder and their associates of the Company.

3. VALUE OF SALE SHARES

The Consideration was arrived on a willing-buyer willing-seller basis, based on Taka HK Venture’s 49% equity interest on the net asset value of Shimao Jewellery stated in its audited financial statements as at 30 June 2019 of RMB1,343,044. For the 6 months financial period ended 30 June 2019, Shimao Jewellery’s audited net loss was RMB2,413,913. The Consideration of S\$115,599 represents a loss from Disposal of approximately S\$217,000 (before relevant tax relating to the Disposal) over the Group’s carrying value of Shimao Jewellery.

4. RATIONALE FOR THE DISPOSAL

The Group has been in discussions with its 51% joint venture partner, MMLT, to cease the operation of Shimao Jewellery due to the past financial performance and foreseeable economic and social impact on the retail business caused by coronavirus outbreak in China. As a result, the Board expects Shimao Jewellery's operational environment to be challenging and is of the view that the Disposal offers an exit from its investment in Shimao Jewellery, which will allow the Group to re-strategise its cash commitment to avoid further capital commitment and minimize further losses in Shimao Jewellery.

5. MATERIAL TERMS OF SPA

Completion is conditional upon, *inter alia*, the following conditions being fulfilled or waived:

- i) Fulfillment of payment in kind by in-specie distribution of stock of Shimao Jewellery from MMLT after settlement of assets and liabilities in Shimao Jewellery as at 30 June 2019;
- ii) Termination of joint venture agreement and supplemental agreement dated 14 June 2017 and 22 May 2018 respectively; and
- iii) Taka HK Venture agrees to complete Shimao Jewellery's local statutory, tax filing, change of M&A, status of incorporation, reappointment of directors and legal representative.

6. FINANCIAL EFFECTS OF THE DISPOSAL

The financial effects of the 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 following financial effects have been calculated using the audited consolidated financial statements of the Group for the financial year ended 31 March 2019.

Net Tangible Assets ("NTA") per share

Assuming that the Disposal had been completed on 31 March 2019, the effect of the Disposal on the NTA per Share of the Group is as follows:

	Before the Disposal	After the Disposal
NTA (S\$'000) ⁽¹⁾	102,895	102,678
Number of shares ⁽²⁾	559,406,000	559,406,000
NTA per share (S\$)	18.39	18.35

Notes:

- (1) Based on the audited NTA of the Group as at 31 March 2019. NTA is total assets less total liabilities, excluding non-controlling interests and intangible assets (trademarks).
- (2) Based on 559,406,000 total issued shares of the Company as at the date of this announcement, excluding 6,100,000 treasury shares.

Earnings Per Share ("EPS")

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

	Before the Disposal	After the Disposal
Net profit attributable to ordinary shareholders of the Company (S\$'000) ⁽¹⁾	3,503	3,286
Number of shares ⁽²⁾	559,406,000	559,406,000
Basic EPS share (cents)	0.63	0.59

Notes:

- (1) Based on the audited net profit attributable to owners of the Company for FY2019.
- (2) Based on 559,406,000 total issued shares of the Company as at the date of this announcement, excluding 6,100,000 treasury shares.

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

The relative figures for the Disposal computed on the bases set out in Rule 1006 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalyst (the “Catalist Rules”) are set out below:

Rule 1006	Bases of calculation	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value ⁽¹⁾	0.12
(b)	The net profit attributable to the assets acquired or disposed of, compared with the Group’s net profit ⁽²⁾	-22.38
(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 ⁽³⁾	0.30
(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
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of compared with the aggregate of the group’s proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not Applicable

Notes:

- (1) Based on the Group’s portion of the audited net asset value of Shimao Jewellery of approximately S\$127,999 (based on an exchange rate of 5.1414) as at 30 June 2019 and the Group’s unaudited net asset value of S\$103,554,000 as at 30 September 2019.
- (2) Based on the audited net loss before tax attributable to the Sale Shares for the 6 months ended 30 June 2019 of approximately S\$230,057 (based on an exchange rate of 5.1414), and the Group’s unaudited net profit before tax of S\$1,028,000 for the 6 months ended 30 September 2019.
- (3) Based on the Consideration of RMB594,341 (approximately S\$115,599) and the Company’s market capitalisation of approximately S\$38.6 million (being the volume weighted average price of S\$0.069 on 21 February 2020, being the last trading day preceding the date of the SPA, multiplying by 559,406,000 shares in issue (excluding treasury shares).

As the absolute relative figures computed on the bases set out in Rules 1006(a) and (c) of the Catalist Rules for the Disposal is more than 5% but does not exceed 50%, the Disposal is classified as a “discloseable transaction” under Chapter 10 of the Catalist Rules. Notwithstanding that the relative figure used in the computation of the Rule 1006(b) involves a negative figure, the Disposal involves the disposal of a loss-making asset whilst the loss from disposal of approximately S\$217,000, represents approximately 6% of its FY2019’s audited consolidated net profit of approximately S\$3.5 million.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors, controlling shareholders or substantial shareholders of the Company have any direct or indirect interest in the Disposal other than through their respective shareholdings in the Company.

9. SERVICE AGREEMENT

No Director is proposed to be appointed in connection with the Disposal.

10. DOCUMENT FOR INSPECTION

A copy of the SPA is available at the Company's registered office at 3, Kaki Bukit Place, Eunos Techpark, Singapore 416181 for three months from the date of this announcement.

By Order of the Board

Teo Boon Leng
Managing Director

24 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes 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 Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).