Issuer: Travelite Holdings Ltd.
Security: Travelite Holdings Ltd.

Meeting details:
Date: July 2017
Time: 10.00 a.m.
Venue: 53 Ubi Avenue 3, Travelite Building, Singapore 408863

Company Description

Travelite Holdings Ltd., an investment holding company, distributes and retails menswear, ladies fashion products, and other travel-related accessories. It offers luggage bags, travelling accessories, travel bags, winter wear, small leather goods, fashion apparels and related products, knitwear, wallets, and various leather goods, as well as handbags, and footwear and related products. The company also imports, exports, manufactures, and wholesales luggage bags and travelling accessories; and trades in garments and other related products. In addition, it engages in the distribution and sublicensing activities. The company markets and sells its products through departmental stores, chain of specialty stores, third party retail outlets, gift redemption, and corporate gift programs in Singapore and Malaysia; and third party distributors in Brunei, Cambodia, Indonesia, the Philippines, the People's Republic of China, Thailand, and Vietnam. Travelite Holdings Ltd. was founded in 1986 and is based in Singapore.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BCZ)

Q1. In the Consolidated Statement of profit or loss (page 40 of the annual report), the consolidated profit (net of tax) for 2017 and 2016(restated) were $411,000 and $748,000 respectively.

As disclosed in the Chairman's Message (page 5), the results of operations from the Delsey division for FY2016 and FY2017 up to 31 December 2016 were classified and presented as discontinued operations as a result of the Group's decision on 13 February 2017 to transfer the business to a joint venture with the brand principal, which was completed on 28 June 2017.

Based on the profits from the discontinued operations, the Delsey division generated profits (net of tax) of $609,000 in 2017 and $1,045,000 in 2016.

a) Can management provide more clarity into the rationale for the transfer of the profitable Delsey division to the brand principal?

b) With a 35% equity interest in Delsey Singapore Pte Ltd ("DSG") (which will now own the business of distribution, wholesale and retail of luggage and travel accessories bearing the Delsey brand in Singapore and Malaysia), how much control and influence does the group retain over the Delsey operations?

Also, shareholders would like to seek clarity on the group's continuing operations. Specifically:

c) Performance of continuing operations: The continuing operations reported a loss net of tax of $(198,000) in 2017 and $(297,000) in 2016. **How is management going to improve the continuing operations to make it profitable? Please state the major initiatives planned for the new financial year.**

d) Singapore Crocodile (1968) Pte Ltd ("SC68"): In particular, since the group purchase of a 60% stake in FY2016, SC68 contributed $8.7 million in revenue but just achieved breakeven (page 79 – Investments in Subsidiaries). In the Annual Report 2016, the historical turnover for SC68 was said to be "consistently above S$10 million". **Has the newly acquired subsidiary performed up to management's expectations? What are management's plans to leverage the brand and to improve profitability of the subsidiary?**

e) Online shopping: As consumption and buying patterns shift online, how is management positioning the group to tap into this trend? Please elaborate on the group's effort to establish its e-commerce presence.

Q2. In Note 35 (page 96 - Financial instruments: Information on financial risks), trade receivables increased by 21.2% to $10.8 million in 2017 when revenue increased by 15.9% over the same period. The ageing analysis of the age of trade receivable amounts that are past due at the end of reporting year but not impaired is shown below.

35D. Credit risk on financial assets (Continued)

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2017	**2016**
	$'000	**$'000**
Trade receivables:		
Less than 60 days	**2,759**	2,864
61 – 90 days	**1,073**	1,008
91 – 120 days	**688**	1,252
Over 120 days	**6,236**	3,753
Total	**10,756**	8,877

(Source: Company annual report)

a) **Can management provide an upper limit to the ageing analysis (instead of just "Over 120 days")?**

b) **What is the profile(s) of the customer(s) that have trade receivable amounts past due by over 120 days? Is there significant concentration by customer or by region?**

c) **What caused the large increase in the trade receivable that are past due by over 120 days? How is management working with the customer(s) to ensure that the trade receivables are collected?**

Q3. During the last financial year, the company effected a 5:3 share consolidation to facilitate compliance with the continuing listing requirement imposed by SGX-ST for issuers listed on the SGX Mainboard to have a minimum trading price per share of S$0.20.

Despite that, the company was informed by Singapore Exchange Securities Trading Limited ("Exchange") that the company would be placed on the watch-list due to the Minimum Trading Price ("MTP") Entry Criteria with effect from 5 June 2017.

The Company will have to meet the requirements of Rule 1314(2) of the Listing Manual within 36 months from 5 June 2017, failing which the Exchange would delist the Company or suspend trading in the Company's shares with a view to delisting the Company.

The company has to now achieve (i) a volume-weighted average price of at least S$0.20 AND (ii) an average daily market capitalisation of S$40 million or more over the last 6 months.

a) **Given that the company has a market capitalisation of less than $14 million, and total equity of less than $30 million, can the board/management let shareholders know what are the options available to the company?**

b) **Given the company's size, would the board consider a transfer to the Catalist board?**