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

RESPONSE TO QUERIES FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE ANNUAL REPORT

The Board of Directors (the "**Board**") of Travelite Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries raised by the Securities Investors Association (Singapore) on 24 July 2017 in relation to the Company's annual report for the financial year ended 31 March 2017 and appends the replies as follows:

<u>Question 1</u>

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.

Company’s response to (a):

- Please refer to the rationale set out in paragraph 2.2 of the Company's circular to shareholders dated 18 April 2017 in relation to the proposed disposal of Delsey assets (the "**Circular**").

Company’s response to (b):

- Please refer to paragraph 2.3.4.4 of the Circular on the operations of the DSG.

Company’s response to (c):

- The major initiatives in the pipeline are as follows:

  - embark on e-commerce venture to tap the burgeoning online market;

  - intensify the Group's consolidation efforts by expanding shared services, continued integration of SC68 into the Group’s menswear division ranging from frontline operations to backend support;

  - continued scrutiny of the Group's business performance by relinquishing non-profitable points of sale and brands and bring in new brands well received by the market; and

  - control of discretionary expenses.

Company’s response to (d):

- In FY2017, SC68’s audited turnover was $8.7 million and it achieved breakeven. Broader supplier base and integration with the Group’s menswear division resulted in synergies to the Group. The Group will continue to revamp the merchandise and streamline the operations to improve profitability of SC68.

Company’s response to (e):

- The Group is partnering popular local online platforms to market its merchandise. To boost its online presence, the Group is turning to social media as well as embracing digital marketing.

Question 2

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?

Company's response to (a):

- The upper limit is not more than 18 months.

Company's response to (b):

- The Group granted extended credit terms to an overseas distributor.

Company's response to (c):

- The increase was attributable to larger export sales to an overseas distributor to whom extended credit terms were granted. Apart from obtaining collaterals, the Group monitors the customers' payment patterns, visits them and reviews their financial reports to assess their creditworthiness and ensure trade receivables are collected.

<u>Question 3</u>

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?

Company's response to (a):

- In addition to organic growth, the Group is actively looking for strategic partners for acquisition, joint venture or alliance opportunities to augment its growth.

Company's response to (b):

- The Company is planning towards meeting the two criteria to exit the watch-list within the stipulated timeframe. It currently has no plan to transfer to the Catalist board but would keep this option open.

By Order of the Board

Yeo Toon Wee
Executive Director
28 July 2017