



Securities Investors Association (Singapore)

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Issuer: Asiatravel.com Holdings Ltd

Security: Asiatravel.com Holdings Ltd

Meeting details:

Date: 25 July 2018

Time: 10.00 a.m.

Venue: 11 Lorong 3 Toa Payoh, #04-18 Blk B Jackson Square, Singapore 319579

Company Description

Asiatravel.com Holdings Ltd, an investment holding company, engages in the sale of tour packages, provision of Internet hotel reservations, and other promotion services. It operates through Hotel Reservation; Hotel Promotion Service; Attraction Tickets, Transportation, and Tour Packages; Air Tickets; Online Wholesale; and Flight Packages segments. The company offers online hotel room booking services through its Website, as well as wholesale hotel reservation services; and promotes hotels' and resorts' products and services on interactive and cable television channels. It is also involved in the arrangement of inbound and outbound sightseeing tours; and provision of accommodation, meals, and transport management services. In addition, the company offers online air tickets through its Website; and online air-tickets, accommodation, and tour packages to travel agencies and customers. It has operations in Singapore, the Philippines, Thailand, Hong Kong, the Middle East, Malaysia, and internationally. Asiatravel.com Holdings Ltd was founded in 1995 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5AM)

1. In the Chairman's Statement, the following "achievements" were highlighted:

- Revenue growth of 72.7% (S\$71.0 million) to S\$168.6 million for the financial year under review when compared to S\$97.7 million in the financial year ended 30 September 2016

- Our exponential revenue growth is a testimonial that we have the comprehensive ground experience, supplier relationships, proprietary systems, operational knowledge and a strong travel brand for both consumers and trade partners

- (i) Would the company/chairman clarify if the revenue of \$168.6 million from the "financial year under review" was based on 15 months of sales?**
- (ii) If so, would the company/chairman help shareholders understand why it was compared directly to the revenue from the financial year ended 30 September 2016 (for 12 months)?**
- (iii) Would it be irrelevant and perhaps misleading to highlight that the group achieved revenue growth of 72.7%?**

In addition, the "exponential revenue growth" was attributed to "comprehensive ground experience", "supplier relationships", "proprietary systems", "operational knowledge" and "a strong travel brand". This "exponential revenue growth" resulted in net loss attributable to owners of the company of \$16.5 million (before impairment) or a total of \$29.5 million once impairments are considered (for FY2017 - 15 months). The large and increasing losses was not mentioned in the Chairman's Statement.

- (iv) Would the chairman consider presenting to shareholders a more balanced update of the group's affairs in his future statements?** Shareholders would prefer an honest and candid account of the company's affairs, highlighting both achievements and the challenges faced.

2. Selected items from the Five year financial summary (page 15) are presented below:

FIVE YEAR FINANCIAL SUMMARY

(In S\$ million except per share data)					
FISCAL YEAR	FY2013 (END SEP)	FY2014 (END SEP)	FY2015 (END SEP)	FY2016 (END SEP)	FY2017 (END DEC)
INCOME STATEMENT					
Revenue	87.1	91.4	90.0	102.9	170.1
Profit Attributable to Equity Holders	-5.7	-9.6	-10.8	-7.9	-29.5
BALANCE SHEET					
Cash and Cash Equivalents	3.9	5.5	6.1	3.9	1.6
Shareholders' Equity	19.4	24.4	24.7	23.0	5.1

(Source: Company annual report)

With the group continuing to report increasing losses, shareholders' equity has dropped to \$5.1 million as at 31 December 2017. It would appear that the restructuring being carried out by the current management team might not be sufficient.

Has the board considered the need for a strategic review of the group's operations, including its business models, the management team and quality of the group's assets and its brand so that shareholders' value can be preserved?

3. On 27 June 2018, the company announced that YTC Hotels Ltd (trading as Peninsula Excelsior Hotel) has filed a writ of summons and statement of claim on 14 June 2018 against AT Reservation Network Pte Ltd, a subsidiary of the company for S\$430,208.40 plus interest and costs for the period from 14 January 2018 to 30 May 2018.

On 4 July 2018, the company announced a trading halt.

Subsequently on 6 July 2018, the company announced a second material adjustment to its unaudited financial statements (released earlier on 1 March 2018) and a disclaimer of

opinion by the independent auditors. The company noted that as it has not been able to demonstrate that it is able to continue as a going concern, it requested for a trading suspension with immediate effect.

- (i) Can management clarify if it has received further demand for payments from its creditors and suppliers?**
- (ii) Given the financial status of the group, have the operations of the group been affected?**
- (iii) Specifically, has the volume of business dropped since the litigation and the disclaimer of opinion was announced?**
- (iv) Can management confirm that the group's suppliers and partners are still dealing with the group and providing inventories (such as hotel rooms, plane tickets) and the necessary infrastructure and credit (e.g. payment gateways) for the group to operate as usual?**

A copy of the questions for the Annual Report for the financial year ended 31 September 2016 could be found here:

https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=91

The company's response could be found here: -----