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

RESPONSE TO QUERIES FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON ANNUAL REPORT 2025

The Board of Directors (the "**Board**" or "**Directors**") 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 22 July 2025 in relation to the Company's Annual Report 2025 and appends the replies as follows:

Query 1

In the message to shareholders, the chairman highlighted the group's response to evolving consumer behaviour, particularly the disruption caused by e-commerce. The group's digital strategy was strengthened through collaborations with platforms such as Shopee, Lazada and Kris+, and further supported by active social media engagement across Facebook, Instagram and TikTok.

Despite these efforts, group revenue fell 16.6% in the financial year, from $47.1 million to $39.3 million. The decline was attributed by management to reduced consumer spending, market saturation, and temporary store closures.

(i) What tangible commercial outcomes have been achieved through the group's e-commerce initiatives, in terms of revenue contribution, user engagement or cost efficiency?

Company's response to 1(i):

Through its collaborations with leading platforms such as Shopee, Lazada, and Kris+, coupled with active engagement on social media platforms such as Facebook, Instagram, and TikTok, the Group has successfully expanded its digital reach and strengthened its brand visibility. While e-commerce revenue contribution remains a developing segment, these initiatives have delivered improvements in online traffic, increase in customer purchases and marketing cost efficiency. Our social media engagement has also supported higher conversion rates during key promotional periods. Cost efficiency was also slightly improved through targeted digital campaigns, resulting in a lower average customer acquisition cost compared to traditional advertising.

(ii) Given that retail has faced severe headwinds and e-commerce could scale very easily with zero/low marginal costs, has the board considered a strategic pivot towards an online-first model in selected markets or subsegments?

Company's response to 1(ii):

Given the demographic of consumers in Singapore, e-commerce faces unique and fierce challenges. Many consumers rely heavily on overseas platforms for purchases of products (such as Taobao or Amazon), creating a highly competitive and price-sensitive environment. Unlike markets such as the United States or China, where consumers may have a greater reliance on online shopping due to the geographical distance of physical stores, Singapore is a smaller country and hence, offers better accessibility to physical stores. Local third-party logistics (3PL) infrastructure is still evolving, which limits scalability. With more consumers who are technologically savvy and intense market competition, an online-first approach must be carefully evaluated to ensure sustainable long-term returns.

(iii) How has the group adapted its inventory management, logistics and fulfilment capabilities to meet the demands of faster digital delivery expectations?

Company's response to 1(iii):

During the financial year ended 31 March 2025, the Group has upgraded its inventory and order system to the Warehouse Management System. This system is anticipated to support a faster fulfilment and digital demand. The Group has also partnered with third-party service providers, enabling same-day or next-day delivery for selected products. These efforts are aligned with customers' expectations in a digitally-driven retail environment.

(iv) Has the board explored live selling/live shopping (such as TikTok Shop Live) as an additional sales channel?

Company's response to 1(iv):

The Group has previously conducted live selling initiatives on social media platforms such as TikTok Shop Live and achieved encouraging results. However, consumer trends in this space are highly dynamic, requiring ongoing experimentation and agility in execution. The Group remains open to expanding this channel as part of its broader omni-channel strategy.

(v) What specific digital commerce, omni-channel, or data analytics expertise does the board possess, and how has this been applied to shape the group's transformation strategy and KPIs?

Company's response to 1(v):

There is no specific digital commerce channel being applied except participant platforms, such as Shopee, Lazada and Tik Tok. However, the Group will take into consideration consumer technology, data analytics and digital retail in the future.

(vi) Could the board update shareholders on the group's cybersecurity preparedness, including staff training, awareness programmes, etc? The group was the target1 of hackers in 2024.

Company's response to 1(vi):

The Group is currently executing a comprehensive cybersecurity enhancement program designed to significantly strengthen its digital defences. The program is structured around three core pillars, namely Technology, People, and Governance:

- Technology and Infrastructure Defence: By deploying a Next-Generation Antivirus (NGAV) solution; implementing an advanced cloud-based email security system and enhancing the Group's data backup and recovery systems;
- The Human Element: By rolling out an ongoing security awareness training programme and conducting regular, unannounced phishing simulations; and
- Governance, Policy, and Resilience: By conducting a comprehensive review and enhancement of the Group's Information Technology (IT) and Information Security policies and implementing a business continuity plan.

<u>Query 2</u>

Would management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) Ted Baker: Regarding the licence agreement to introduce Ted Baker travel accessories into Southeast Asia, how did management evaluate inventory risk, market acceptance, pricing power, execution challenges and capital requirements?

Company's response to 2(i):

In evaluating the licence agreement for Ted Baker products, the management undertook a comprehensive assessment on inventory risk, market acceptance, pricing strategy and execution challenges.

In particular, the management has undertaken the following steps:

- strategic planning, demand forecasting, and reviewing capital requirements to ensure prudent financial management;
- negotiated for the structuring of the licence agreement to enable operational flexibility;
- set pricing strategies in line with the brand positioning while ensuring margin protection; and
- leveraged on its existing distribution network available to manage execution efficiently.

The abovementioned approaches aim to position the brand effectively while mitigating potential risks in the Southeast Asian market.

(ii) Champion: How has management assessed Champion's brand equity in this region, and what strategic gap does it fill in the group's portfolio? Is the brand expected to materially contribute to group earnings?

Company's response to 2(ii):

Champion is a globally-recognised brand with growing resonance amongst younger, athleisure-focused consumers in Asia.

It is intended for the brand to fill a strategic white space in the Group's portfolio by:

- Expanding the Group's offerings in the sportswear and casual apparel segment; and
- Complementing the Group's existing travel and lifestyle segments.

While it may not be immediately earnings accretive, it is envisaged to contribute to medium-term growth of the Group, especially as the Group seeks to deepen its penetration in the regional market and scale operations.

(iii) Employee benefits expense: Employee-related marketing, distribution and administrative expenses remained flat despite a 16.6 percent decline in revenue. **Can management explain the cost rigidity and whether it reflects a structural or strategic decision?**

	Marketing and distribution costs $'000	Administrative expenses $'000	Total $'000
2025	8,344	2,795	11,139
2024	8,296	3,088	11,384

(Source: company annual report)

Company's response to 2(iii):

The Group acknowledges the observation that employee-related marketing, distribution and administrative costs remained flat despite the decline in top-line revenue.

Key reasons include the following:

- Retention of key management and staff to avoid loss of critical capabilities and operational knowledge; and
- Maintenance of capable and experienced teams during temporary store closures, to enable swift operational recovery.

The Group will continue to monitor the cost structure closely and is undertaking an ongoing productivity review to enhance its operational efficiency, while remaining focused on its long-term brand and channel development.

Query 3

On 26 July 2024, the company announced the termination of its proposed acquisition of a 40% stake in Funkie Monkies Ventures Pte. Ltd., which was first announced on 24 March 2023. The target was in the music education and artist management business.

The company had also raised net proceeds of approximately $2.22 million in a rights issue that was completed in April 2024.

(i) What were the total professional and advisory fees incurred in connection with the proposed acquisition? Can the board elaborate on the reasons for the non-completion of the proposed acquisition?

Company's response to 3(i):

The Group incurred approximately $90,000 in professional and advisory fees (including legal, financial due diligence and valuation costs) in connection with the proposed acquisition of 40% of the total number of issued shares in the capital of Funkie Monkies Ventures Pte. Ltd. ("**Proposed Acquisition**").

In view that the conditions precedent under the sale and purchase agreement dated 24 March 2023 relating to the Proposed Acquisition (as supplemented and varied by a supplementary agreement dated 20 December 2023) ("**SPA**") were not fulfilled within the period of 15 months after the date thereof, the Proposed Acquisition was unable to proceed to completion. Accordingly, the Company elected to rescind the SPA.

(ii) Has the company recovered the $200,000 refundable deposit from the vendors?

Company's response to 3(ii):

As at the date of this announcement, the Group has received a partial refund of the Deposit Amount of $200,000 from the vendors of the Proposed Acquisition. The balance amount of the Deposit Amount will be refunded by the vendors to the Company in accordance with a repayment schedule agreed between the parties, within a reasonable timeframe.

(iii) Given the terminated acquisition, how has the board reassessed its M&A strategy? Has there been any update to the group's acquisition framework or risk evaluation process to ensure stronger alignment with the company's core capabilities and shareholder value creation?

Company's response to 3(iii):

Following the termination of the Proposed Acquisition, the Group does not have further plans or actions relating to new acquisitions at this juncture.

Moving forward, the Board will strengthen its M&A strategy, evaluation framework and corporate governance processes, including key enhancements such as:

- Having a stricter pre-qualification filter for potential targets;
- Establishing a deal screening matrix, prioritising cash flow visibility, scalability, and operational integration potential; and
- Engaging professional party(ies), if required.

With such enhancements, the Group aims to ensure that future acquisitions will be synergistic and ultimately accretive to shareholder value.

By Order of the Board

Thang Teck Jong
Executive Chairman
30 July 2025