



Securities Investors Association (Singapore)
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Issuer: Asiatravel.com Holdings Ltd

Stock code: 5AM

Meeting details:

Date: 27 September 2021

Time: 3.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As noted in the corporate profile, trading in the company's shares has been suspended since 6 July 2018 following concerns on the group's ability to continue as a going concern. All business operations were ceased by around June 2018, inter alia, due to the lack of funding arising from the failure of the controlling shareholder to complete its funding as required under the convertible note agreement and the suspension of the company's travel agent licence by the Singapore Tourism Board.

The company has submitted a resumption proposal through its sponsor to the Singapore Exchange Regulation on 31 July 2021. This follows the company's scheme of arrangement which was approved at the meeting of the Scheme Creditors on 21 December 2020 and sanctioned by the High Court of Singapore on 1 February 2021.

It is noted that the scheme is conditional, inter alia, upon a successful resumption of trading and the release and discharge of liabilities of the Scheme Creditors through the allotment and issue of new Asiatravel shares to the Scheme Creditors.

- (i) **What are the other milestones required before trading of the company's shares can resume?**
- (ii) **When does the company expect the Singapore Exchange Regulation to approve the resumption proposal?**
- (iii) **What progress has been made by the company in the preparation of the FY2019 and FY2020 financial statements? When can the company's audited financial statements and annual reports for FY2019 and FY2020 be published?**
- (iv) **What is the current financial position of the company? How much cash remains in the company to fund its operations?**

Q2. The company has stated that following "due and careful deliberations, the board of directors are of the reasonable opinion that it remains viable for Asiatravel to remain and continue with the online travel agency ("OTA") business after the completion of the restructuring exercise and [the] successful resumption of trading".

- (i) **Can the board help shareholders understand the due diligence it has carried out as part of its "due and careful deliberations"? Can management help shareholders understand the structural changes in the OTA space in the past 3 years? What is the impact on the OTA business due to the COVID-19 pandemic? How will the group be addressing these challenges?**

- (ii) **What are the returns (ROE/ROI etc) in the company's projections and approved by the board in its deliberations/approval process? Would management provide shareholders with a holistic overview of its strategy and growth plans during the AGM? For reference, a summary of the financial highlights from FY2017 is included 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
Basic EPS (cents)	-2.4	-3.4	-3.3	-2.3	-6.9
Diluted EPS (cents)	-2.4	-3.4	-3.3	-2.3	-6.9

(Source: company annual report)

- (iii) **What competitive advantage does the group have? How will the group compete against the industry giants, such as Booking.com, Tripadvisor, Expedia, Trivago, and Trip.com and Meituan in China?**
- (iv) **What headway have www.tripwerkz.com and www.qichengbao.com made in recent months?**
- (v) **Given the group's track record from FY2013 to FY2017 (shown above), does the board expect the new OTA business to be profitable? What is the working capital required to fund the new business?**

Q3. The independent auditors have included a disclaimer of opinion in the independent auditor's report on the audit of the financial statements. The basis for disclaimer of opinion are:

- Insufficient accounting data and financial records
- Going concern

In Note 2.1 (pages 56 & 57 – Summary of significant accounting policies: Basis of preparation), it was stated that the company and its subsidiaries ceased operations “abruptly” in July 2018 and almost all of the employees were retrenched or left the companies. Some office premises of the overseas subsidiaries were also repossessed by their respective landlords due to unpaid rental. As a result of this, the company is unable to retrieve or regain access to certain accounting data and financial records of the company and its subsidiaries.

The company has relied on the accounting data and financial records prepared or provided before the cessation of operations, together with accounting data and financial records retrieved from the company's in-house IT and accounting systems for the preparation of the consolidated financial statements of the group for FY2018.

However, it was noted that the accounting data and financial records provided by the subsidiaries and the accounting data (including information on transactions carried out) stored in the company's in-house IT system was either incomplete, could not be retrieved or was corrupted as a result of the cessation of operations of the IT system. Hence, the directors are not in possession of a complete set of accounting data and financial records of the company and its subsidiaries.

The executive chairman and CEO has also indicated, on page 28, that management does not believe that, as at 31 December 2018, the financial records had been properly maintained and the financial statements give a true and fair view of the company's operations and finances and the company's risk management and internal controls systems were effective.

- (i) **Given that the executive chairman and CEO is the only executive director remaining on the board from FY2018, can Mr Boh Tuang Poh elaborate further on the efforts by the company in 2018 to preserve its accounting data and financial records prior to the cessation of operations?**

The CEO in the 2017 annual report had given assurance that the group's internal controls (including the financial, operational, compliance and information technology controls and risk management systems) are adequate and effective to meet the needs of the group for the type and volume of businesses conducted in the current business environment.

- (ii) **Can the CEO explain in greater detail the reasons for the group's failure to maintain complete financial records in 2018? Given the scale of the group's operations, did the group have backup/fallback or a cloud-based system?**
- (iii) **Can the board elaborate further on the improvements it will be making to the group's internal controls and IT infrastructure to safeguard the interests of the company and of its shareholders?**
- (iv) **Have the independent directors carried out a post-mortem analysis of the group's operational and financial performance from FY13 to FY17?**
- (v) **Given the group's financial performance leading up to 2018, would the independent directors on the board be carrying out a review to assess the core competencies of the group and its management team to ensure that the company has the necessary human resources in place to meet its long-term objectives?**

[^]On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
 (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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