Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

**Issuer:** Travelite Holdings Ltd.

**Stock code:** BCZ

**Meeting details:**
Date: 31 July 2023
Time: 10.30 a.m.
Venue: 53 Ubi Avenue 3, Travelite Building, Singapore 408863

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**Q1**. With the reopening of Singapore's border and the strong recovery in the global travel market, the group enjoyed a surge in sales and profitability following the recovery of international travel. Revenue increased 85.3% year-on-year to $46.39 million. Gross profit margin increased from 45.6% in FY2022 to 48.6% in FY2023, mainly due to the larger contribution by the apparel division. Profit before tax for the year was $3.54 million.

(i) **Can management provide further insight into the potential impact of new product launches, such as URS athleisure wear, Hechter Paris ties and handkerchiefs, and Moral Bags, on the overall growth trajectory of the group?**

(ii) **Can management explain how promotion events and atrium sales, which appear to be somewhat ad-hoc in nature, contribute to the group's ability to retain its consumer base in a highly competitive business environment?**

(iii) **With over 60% of the total revenue generated from department stores, how does the board assess the long-term sustainability of this segment, considering the challenges faced by brick-and-mortar stores, particularly large-format department stores?**

(iv) **What percentage of the group's sales is attributed to online channels? Has the board set any specific targets for the group's online sales growth?**

(v) **Can management provide a comprehensive list of the group's online presence on popular social media and e-commerce platforms, such as Instagram, TikTok, Lazada, and others, so that shareholders can easily follow and stay informed about the group's progress?**

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**Q2.** As mentioned in the chairman's message, the company entered into a sale and purchase agreement with Funkie Monkies Ventures Pte. Ltd. ("Funkie Monkies") to acquire a 40% stake. If successful, the group will expand into the business of music education and artist management.

Management has stated that this strategic move is in line with the corporate strategy to diversify its business and enhance returns for shareholders.

(i) **How was the group introduced to the target?**

(ii) **In addition, can the board (re)state the company's corporate strategy of diversifying its business and provide shareholders with a holistic overview of the strategy, especially the focus on lifestyle and entertainment industry? Specifically, has the board narrowed its diversification down to certain industries, geographical areas, deal structures and/or ticket size?**

(iii) **Are there any potential synergies between the group's existing operations and the fields of music education and artist management? If not, would this proposed investment be passive in nature, considering that management does not seem to possess the necessary expertise or network to add value in these areas?**

The company initially disclosed that the unaudited pro forma net tangible asset of the Target Group was $166,274. However, after 2.5 weeks, the company clarified that the Target Group actually had net tangible liability of $(170,529). It should be noted that the $166,274 figure referred to the unaudited pro forma net asset value.

(iv) **Did the board carefully consider the net tangible liability position of the target group during their assessment of the proposed acquisition?**

(v) **Furthermore, in light of the "unintentional and inadvertent error," could the board provide shareholders with a clearer understanding of the board and management's experience and expertise in acquisitions, accounting, corporate finance, and deal structuring?**

(vi) **What was the level of involvement by the directors in the acquisition and how much due diligence has been carried out?**

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**Q3.** The ageing analysis of trade receivables, past due but not impaired; and impaired, is shown below:

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

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | $'000 | $'000 |
| Trade receivables: | | |
| Less than 60 days | 3,919 | 2,721 |
| 61 - 90 days | 666 | 944 |
| 91 - 120 days | 211 | 45 |
| Over 120 days | 520 | 2,475 |
| Total | 5,316 | 6,185 |

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | $'000 | $'000 |
| Trade receivables: | | |
| Over 120 days | 5,408 | 4,854 |

(Source: company annual report)

(i) **How does management ensure the prompt collection of outstanding debts to improve working capital management?**

As noted in the section on key audit matter (KAM) by the independent auditor, the gross amount of trade receivables past due over 90 days amounted to $6,139,000 (2022: $7,374,000). The amount of allowance for impairment loss on these customers is $5,408,000 (2022: $4,854,000). Management is of the view that the remaining amounts are recoverable based on their knowledge of the customers' payment history and creditworthiness.

(ii) **What are the profiles of customers with impaired trade receivables?**

(iii) **Can management provide a detailed breakdown of trade receivables by aging for each customer with impaired receivables, including the upper limit on the aging?**

(iv) **Did the group still have transactions with customers that have impaired trade receivables? If so, what measures has management implemented to protect the group's interests?**

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(v) **How did management determine the allowance of $5.4 million?**

(vi) **What are management's efforts to collect on the impaired trade receivables?**

(vii) **Will the audit committee be reviewing the group's credit risk framework and monitoring the group's compliance to the policies?**

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

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