

Asiatravel.com



ASIATRavel.COM HOLDINGS LTD
(Company Registration No.: 199907534E)
(Incorporated in the Republic of Singapore)

DISCLAIMER OF OPINION ON FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

Pursuant to Rule 704(4) of the Listing Manual - Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Board of Directors ("**Board**") of Asiatravel.com Holdings Ltd (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Independent Auditors of the Company, Messrs Ernst & Young LLP (the "**Auditors**"), had included a disclaimer of opinion in its Independent Auditors' Report in respect of the audited financial statements of the Group for the financial period ended 31 December 2020 ("**FY2020**"). This is in respect of material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concern.

The Board has prepared the financial statements on a going concern basis based on the factors and assumptions set out below:

- (a) The Company has obtained court sanction of a scheme of arrangement ("**Scheme**") on 1 February 2021, which is binding on the Company and certain creditors of the Company as of 29 September 2020 ("**Scheme Creditors**"). Under the terms of the Scheme, subject, *inter alia*, to the resumption of trading of the Company's shares on the Catalist Board ("**Trading Resumption**"), the liabilities of the Company to the Scheme Creditors will be extinguished, released and discharged, and converted into equity of the Company through the allotment and issue of shares ("**Scheme Shares**").
- (b) The Company has entered into conditional sale and purchase agreements dated 31 December 2020 ("**Disposal SPAs**") to dispose of all of its subsidiaries (save for Star-travel.com Limited) ("**Loss-making Subsidiaries**") for an aggregate nominal consideration of S\$7.00 ("**Disposal**"). The Company has further entered into supplemental agreements to the Disposal SPAs dated 4 May 2021 pursuant to which it was agreed that the deemed effective date of the Disposal (subject to completion of the Disposal taking place) shall be 31 December 2020 ("**Effective Date**").

After the disposal is completed, the Loss-making Subsidiaries will cease to be subsidiaries of the Company as of the Effective Date. As of the date of the financial statements, the Company has yet to hold the EGM to seek shareholders' approval, hence the net liabilities of the Loss-making Subsidiaries is classified as liabilities held for sale in the consolidated balance sheet as at 31 December 2020 and the loss arising from discontinued operations is presented as a separate line item in the consolidated income statement for the year then ended in accordance with SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations.

The Company is in midst of discussions with Purchaser for further addendum to extend the Effective Date and will provide further update separately on this.

- (c) Pursuant to a Convertible Facility Agreement ("**CFA**") dated 23 July 2020 entered into by the Company with Sky Smart Venture Limited ("**New Investor**"), the New Investor had agreed, upon and subject to the terms of the CFA, to make available a convertible facility ("**Convertible Facility**") of an aggregate principal amount of up to S\$1.6 million to the Company which is convertible, at the option of the New Investor upon and subject to the terms of the CFA, into new shares ("**Conversion Shares**") in the capital of the Company.
- (d) The Company with the New Investor has amended or supplement the CFA where the New Investor agree and undertake, *inter alia*, not to demand for repayment of the then outstanding amount under the Convertible Facility pending submission of the Company's application to the SGX-ST for the Trading Resumption ("**ROT Proposal**") and to effect a mandatory conversion of the then outstanding

amount under the Convertible Facility into the relevant number of Conversion Shares in the event the Company receives approval of the ROT Proposal from the SGX-ST.

As of the date of financial statements, the aggregate amounts drawn down and utilised and expected to be drawn down and utilised in respect of the Convertible Facility on or prior to the Trading Resumption is estimated to be approximately S\$1,370,479, with an estimated remaining unutilised amount of approximately S\$229,521 being available for further drawdown to fund the Company's working capital and other requirements.

- (e) The Company has submitted the ROT Proposal to the SGX-ST through its continuing sponsor on 30 July 2021. Pursuant, *inter alia*, to the submission of the Resumption Proposal to the SGX-ST, the Company has also submitted an application to the SGX-ST for extension of time until 6 December 2021 to comply with Rules 705(2), 707(1) and 1304(1) of the Catalist Rules ("**ROT Time Extension**"). The Company had on 6 December 2021 submitted an updated timeline and seek for a further extension of time to the SGX-ST.
- (f) Subject, *inter alia*, to the implementation and effecting of the measures stated under (a) to (e) above, the Directors are of the reasonable opinion that it remains reasonable for the Company and the Group to adopt the going concern assumption in the preparation of the financial statements, *inter alia*, pending the outcome of the ROT Proposal submitted.

Based on the Group's total assets and total liabilities of \$0.14 million and \$22.26 million respectively as at 31 December 2020 and with the above-mentioned measures, the Group continues to adopt the going concern assumption in the preparation of the financial statements.

A copy of the aforesaid Independent Auditors' Report and an extract of the relevant Notes to Audited Financial Statements in respect of the Disclaimer of Opinion are annexed to this announcement for further information. Shareholders are advised to read the FY2020 in its entirety in the Annual Report.

The electronic copy of Annual Report containing the Independent Auditors' Report and a completed set of the audited financial statements for FY2020 will be made available on SGXNET to the shareholders of the Company in due course.

BY ORDER OF THE BOARD

Boh Tuang Poh
Executive Chairman and Chief Executive Officer

28 December 2021

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Bao Qing - Registered Professional, 6 Raffles Quay, #24-02, Singapore 048580, sponsor@rhtqoc.com

**A COPY OF THE INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2020**

Independent Auditor's Report to the Members of Asiatravel.com Holdings Ltd

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Asiatravel.com Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and Company as at 31 December 2020, statements of changes in equity of the Group and Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and statement of changes in equity of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of opinion

Insufficient accounting data and financial records

Note 2.1 to the financial statements states that the financial statements of the Group and the balance sheet and statement of changes in equity of the Company do not show a true and fair view of the financial positions of the Group and the Company as at 31 December 2020 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year then ended in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International).

Note 2.1 discloses events leading to loss of accounting data and financial records of the Company and its subsidiaries following the cessation of their operations during 2018. In preparing the consolidated financial statements for the year ended 31 December 2020, the Company has relied on the accounting data and financial records prepared or provided before the cessation of operations of the Company and its subsidiaries in 2018, together with accounting data and financial records retrieved from the Company's in-house IT and accounting systems. The assets and liabilities position of overseas subsidiaries as at 31 December 2018 were carried forward and included in the consolidated financial statements for the year ended 31 December 2020 on the basis that the subsidiaries had ceased operations and there were no transactions impacting the balance sheet of the Group for the financial year ended 31 December 2020. Similarly, no profit or loss transactions from the overseas subsidiaries were included in the consolidated financial statements for the year ended 31 December 2020.

Consequently, as we were not able to obtain all relevant information, supporting documents and explanations necessary to complete the audit, we were neither able to determine the completeness and accuracy, nor were we able to quantify the extent of further adjustments or disclosures that might be necessary to the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

Going concern (cont'd)

The Group ceased its operating activities in 2018. The Group and the Company reported a net loss for the financial year ended 31 December 2020. As at 31 December 2020, the Group and Company were in net liabilities and net current liabilities positions. These factors and other events subsequent to the year end (as disclosed in Note 2.2) indicate the existence of material uncertainties which may cast significant doubt about the Group's and Company's ability to continue as going concerns.

The Directors have prepared the financial statements on a going concern basis based on the assumptions disclosed in Note 2.2. As further disclosed in that note, the Group's various plans to address its business and liquidity situations are highly contingent upon the outcome of the Resumption of Trading Proposal submitted to SGX-ST.

Based on information available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves on the appropriateness of the use of the going concern assumption in the preparation of these financial statements.

We disclaimed our opinion on the financial statements of the Group in the prior year due to similar reasons stated above.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accounts and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we had fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code.

Report on other legal and regulatory requirements

In our opinion, because of the significance of the matter referred to in the Basis for Disclaimer of Opinion paragraph, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore have not been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Boon Heng.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

28 December 2021

**EXTRACT OF NOTE 2.2 TO THE AUDITED FINANCIAL STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

2.2 Going concern assumption

The Group incurred a net loss of \$1.47 million for the financial year ended 31 December 2020 (2019: net loss \$2.36 million). As at 31 December 2020, the Group's and Company's current liabilities exceeded their current assets by \$21.88 million (2019: \$20.03 million) and \$10.88 million (2019: \$9.06 million) respectively. The Group's and Company's total liabilities exceeded their total assets by \$22.12 million (2019: \$20.50 million) and \$11.02 million (2019: \$9.53 million) respectively.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concern and therefore they may not be able to realise their assets and discharge their liabilities in the normal course of business.

The Directors are of the opinion that it remains reasonable for the Group and the Company to prepare the financial statements on a going concern basis, subject, inter alia, to the implementation and effecting of the factors and assumptions stated under (a) to (e) below, which are contingent upon the outcome of the Resumption of Trading Proposal ("**ROT Proposal**") submitted by the Company to SGX-ST on 30 July 2021:

- (a) The Company has obtained court sanction of a scheme of arrangement ("**Scheme**") on 1 February 2021, which is binding on the Company and certain creditors of the Company as of 29 September 2020 ("**Scheme Creditors**").

Under the terms of the Scheme, subject, inter alia, to the resumption of trading of the Company's shares on the Catalist Board ("**Trading Resumption**"), the liabilities of the Company to the Scheme Creditors will be extinguished, released and discharged, and converted into equity of the Company through the allotment and issue of shares ("**Scheme Shares**").

- (b) The Company has entered into conditional sale and purchase agreements dated 31 December 2020 ("**Disposal SPAs**") to dispose all of its subsidiaries (save for Star-travel.com Limited) ("**Loss-making Subsidiaries**") for an aggregate nominal consideration of S\$7.00 ("**Disposal**").

After the disposal is completed, the Loss-making Subsidiaries will cease to be subsidiaries of the Company as of the Effective Date. As of the date of the financial statements, the Company has yet to hold the EGM to seek shareholders approval, hence the net liabilities of the Loss-making Subsidiaries is classified as liabilities held for sale in the consolidated balance sheet as at 31 December 2020 and the loss arising from discontinued operations is presented as a separate line item in the consolidated income statement for the year then ended in accordance with SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations.

- (c) Pursuant to a Convertible Facility Agreement ("**CFA**") dated 23 July 2020 entered into by the Company with Sky Smart Venture Limited ("**New Investor**"), the New Investor had agreed, upon and subject to the terms of the CFA, to make available a convertible facility ("**Convertible Facility**") of an aggregate principal amount of up to S\$1.6 million to the Company which is convertible, at the option of the New Investor upon and subject to the terms of the CFA, into new shares ("**Conversion Shares**") in the capital of the Company.
- (d) The Company had entered into an addendum on 30 July 2021 to the Convertible Facility Agreement, to inter alia, supplement and amend the terms of the Convertible Facility under the Convertible Facility Agreement.

**EXTRACT OF NOTE 2.2 TO THE AUDITED FINANCIAL STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

2.2 Going concern assumption (cont'd)

- (i) the Outstanding Amount shall also include all share capital contributions and all amounts expended or to be expended by or on behalf of Tripwerkz Pte. Ltd., a private company limited by shares incorporated in Singapore (“**SPV**”) and its subsidiaries (collectively “**SPV Group**” and each a “**SPV Group Company**”), pursuant to the terms and conditions of the SPV Agreement (as defined below) as the proposed new business of the Company (“**Proposed New Business**”) to be put forth under the Resumption of Trading (“**ROT Proposal**”) to be submitted to SGX-ST is envisaged to be carried out through the SPV Group;
- (ii) clarifying that the Lender shall not be able to demand repayment of the Outstanding Amount (or any part thereof) (including the Funding Amounts (as defined below) in the event the Proposed Investor is obliged to mandatorily convert all of the Outstanding Amount (including the Funding Amounts) into Invest Shares or until the occurrence of an event of termination pursuant to the terms and conditions of the Convertible Facility Agreement and the Addendum to ensure the Convertible Facility remains available to the Company; and
- (iii) upon the acceptance by SGX-ST of the ROT Proposal the Lender shall immediately disburse to the Company any remaining unutilised amounts of the Convertible Facility and shall be obliged to exercise the Conversion Right.

As at Financial Statement Date, the aggregate amounts drawn down and utilised and expected to be drawn down and utilised in respect of the Convertible Facility on or prior to the Trading Resumption is estimated to be approximately S\$1,370,479, with an estimated remaining unutilised amount of approximately S\$229,521 being available for further drawdown to fund the Company’s working capital and other requirements.

- (e) The Company has on 30 July 2021, submitted the ROT Proposal to the SGX-ST through its continuing sponsor. Pursuant, inter alia, to the submission of the Resumption Proposal to the SGX-ST, the Company has also submitted an application to the SGX-ST for a further extension of time until 6 December 2021 to comply with Rules 705(2), 707(1) and 1304(1) of the Catalist Rules (“**ROT Time Extension**”).