

Asiatravel.com



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

PROPOSED DISPOSAL OF SUBSIDIARIES OF ASIATRAVEL.COM HOLDINGS LTD

1. INTRODUCTION

The Board of Directors (“**Board**”) of Asiatravel.com holdings Ltd (“**Company**”, together with its subsidiaries, “**Group**”) is pleased to announce that the Company had, on 31 December 2020, entered into conditional sale and purchase agreements (“**SPAs**”) with Chua Wie Khern (“**Purchaser**”), pursuant to which the Company has agreed to dispose of the following subsidiaries, namely AT Reservation Network Pte. Ltd., AT Express Pte. Ltd., OV International Pte. Ltd., S.H. Tours Pte. Ltd., Freeneasy Travel Pte. Ltd., Precise Reform Limited and Open Gate Developments Limited (collectively, “**Subsidiaries**”) through the sale of the respective shares described below (“**Sale Shares**”) to the Purchaser (“**Proposed Disposal**”):

- (a) 6,098,725 ordinary shares, representing 100.0% of the entire issued and paid-up share capital in AT Reservation Network Pte. Ltd.;
- (b) 850,000 ordinary shares, representing 50.0% of the entire issued and paid-up share capital in AT Express Pte. Ltd.;
- (c) 489,999 ordinary shares, representing 99.99% of the entire issued and paid-up share capital in OV International Pte. Ltd.;
- (d) 1,600,000 ordinary shares, representing 100.0% of the entire issued and paid-up share capital in S.H. Tours Pte. Ltd.;
- (e) 1,657,531 ordinary shares, representing 50% of the entire issued and paid-up share capital, in Freeneasy Travel Pte. Ltd.;
- (f) 10,000 ordinary shares, representing 100.0% of the entire issued and paid-up share capital, in Precise Reform Limited; and
- (g) 1 ordinary share, representing 100.0% of the entire issued and paid-up share capital in Open Gate Developments Limited.

Upon the completion of the Proposed Disposal, the Subsidiaries will cease to be subsidiaries of the Company.

2. INFORMATION ON PURCHASER AND THE SUBSIDIARIES

2.1 Purchaser

The Purchaser is an individual that is a citizen of Singapore. He is an entrepreneur and is unrelated to the Directors and/or controlling shareholders of the Company with no shareholding interests in the Company. Prior to the SPAs, the Purchaser has had no connections (including business relations) with the Company, Subsidiaries and/or the Directors and/or controlling shareholders of the Company.

2.2 The Subsidiaries

- (a) AT Reservation Network Pte. Ltd. was incorporated in Singapore on 22 April 1999 and was principally in the business of travel agencies and tour operators. As at the date of this announcement, the share capital of AT Reservation Network Pte. Ltd. is S\$6,098,725 comprising 6,098,725 issued and fully paid-up ordinary shares.
- (b) AT Express Pte. Ltd. was incorporated in Singapore on 13 June 2005 and was principally in the business of travel agencies and tour operators. As at the date of this announcement, the share capital of AT Express Pte. Ltd. is S\$1,700,000 comprising 1,700,000 issued and fully paid-up ordinary shares.
- (c) OV International Pte. Ltd. was incorporated in Singapore on 5 September 2003 and was principally in the business of travel agencies and tour operators. As at the date of this announcement, the share capital of OV International Pte. Ltd. is S\$490,000 comprising 490,000 issued and fully paid-up ordinary shares.
- (d) S.H. Tours Pte. Ltd. was incorporated in Singapore on 23 November 1991 and was principally in the business of travel agencies and tour operators. As at the date of this announcement, the share capital of S.H. Tours Pte. Ltd. is S\$1,600,000 comprising 1,600,000 issued and fully paid-up ordinary shares.
- (e) Freeneasy Travel Pte. Ltd. was incorporated in Singapore on 22 February 2000 and was principally in the business of ticketing agencies. As at the date of this announcement, the share capital of Freeneasy Travel Pte. Ltd. is S\$3,929,263 comprising 3,315,062 issued and fully paid-up ordinary shares.
- (f) Precise Reform Limited was incorporated in British Virgin Islands on 16 May 2003 and was principally in the business of Investment holding. As at the date of this announcement, the share capital of Precise Reform Limited is USD\$10,000 comprising 10,000 issued and fully paid-up ordinary shares.
- (g) Open Gate Developments Limited was incorporated in British Virgin Islands and was principally in the business of Investment holding. As at the date of this announcement, the share capital of Open Gate Developments Limited is USD\$1.00 comprising 1 issued and fully paid-up ordinary share.

Shareholders of the Company (“**Shareholders**”) should note that there is no open market for the Sale Shares as they are not publicly traded and no valuation has been commissioned with respect to the Subsidiaries and the Sale Shares.

As at the date of this announcement, the Board has not commissioned a formal valuation of the Subsidiaries for the following reasons:

- (a) all Subsidiaries were at negative net asset value as at 31 December 2019, do not have any operations and have been dormant since mid to late 2018;
- (b) all Subsidiaries do not carry any operational assets required by the Company to operate its business activities which includes, *inter alia*, its online booking platform, customer database and promotional materials; and
- (c) any fair value or market value of the business (if any) or assets of the Subsidiaries will likely be wiped off by the liabilities.

In view that there is no value could be reasonably ascribed to the Subsidiaries in light of the aforementioned reasons, the Company and the Purchaser has agreed on a nominal sum to be set as the Purchase Consideration (as defined below).

3. PRINCIPAL TERMS OF THE SPAS

- 3.1 Pursuant to the terms and subject to the conditions of the SPAs, the Company shall sell to Purchaser and Purchaser shall purchase from the Company all the Sale Shares free from all encumbrances and together with all rights, benefits and entitlements attaching or accruing thereto, in exchange for the aggregate purchase consideration of S\$7.00 (“**Purchase Consideration**”), to be paid in cash by the Purchaser to the Company.
- 3.2 The Purchase Consideration is arrived at by agreement between the Company and Purchaser on a “willing-buyer, willing-seller” basis after taking into consideration the aggregate net liabilities attributable to the equity holders of the Subsidiaries of approximately S\$15.1 million, based on the aggregate unaudited financial statements of the Group as at 31 December 2019.
- 3.3 **Conditions precedent to the Proposed Disposal**

The sale and purchase of the Sale Shares and completion of the SPAs shall be subject to and conditional upon the fulfilment and satisfaction of all the conditions set out below:

- (a) the approval of the Company’s shareholders in a general meeting for the entering into of the SPAs, all the transactions envisaged under the SPAs and any related transactions as may be required in relation thereto;
- (b) the representations and warranties of the Purchaser set out in the SPAs being true and accurate in all material respects on and as of the closing date, with the same force and effect as though made on and as of the closing date, and each Party having performed and complied with all their respective undertakings, covenants and agreements set out in this Agreement on or prior to the closing date;
- (c) all licenses, consents, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant regulators, entitled third-parties, counterparties, financing or facility providers of the Company and/or the Subsidiaries as may be required for or in connection with the sale, purchase and transfer of the Sale Shares, and all the transactions envisaged under the SPAs, having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being acceptable to the Parties and are fulfilled on or before the closing date;
- (d) the irrevocable and unconditional waiver by each and all other shareholder(s) of the Subsidiaries and/or any third party (as may be so entitled), of any restriction or right of pre-emption on the sale and transfer of the Sale Shares, if any such restriction or right shall be applicable;
- (e) no proceedings, applications, petitions or summons having been started or threatened, nor any steps taken thereto by any person with a view to the judicial management, bankruptcy, insolvency or winding-up of the Purchaser, the Company or the Subsidiaries or for the appointment of a receiver, trustee, assignee or similar officer over any of them or their respective undertakings, properties or assets, and
- (f) the sale and purchase of all the Sale Shares (i) not being prohibited, restricted or qualified by and (ii) being in compliance in all respects with, all laws, rules, regulations, directives and orders that are applicable to the Purchaser and the Company in their respective jurisdictions.

If any of the above conditions precedent are not fulfilled on or before 30 June 2021 or such later date as the Company and Purchaser may agree in writing, the SPAs shall be deemed to be rescinded and of no further force or effect save for such rights and remedies as shall have accrued in favour of the Company and Purchaser.

The Company and Purchaser agree that they shall each use all reasonable endeavours to take all actions and do all things necessary for the purpose of enabling the aforesaid conditions precedent to be satisfied.

4. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Section B: Rules of Catalist (“**Catalist Rules**”) in respect of the Proposed Disposal and based on the latest available unaudited financial statements of the Group for the full year ended 31 December 2019 are as follows:

(a)	Net asset value of the Subsidiaries to be disposed of, compared with the Group’s net asset value	N/A ⁽¹⁾
(b)	Net profits attributable to the Subsidiaries to be disposed of, compared with the Group’s net profits	N/A ⁽²⁾
(c)	Aggregate value of the Purchase Consideration, compared to the Company’s market capitalisation as at 2 July 2018, being the last market day on which the Company’s shares (“ Shares ”) were traded	0.0% ⁽³⁾
(d)	Not applicable to the Proposed Disposal	
(e)	Not applicable to the Proposed Disposal	

Notes:

- (1) Based on the total net liabilities of the Group of approximately S\$18.3 million and total net liabilities of the Subsidiaries of approximately S\$15.1 million as at 31 December 2019. Based on this computation, the relative figure computed under Rule 1006(a) is approximately 82.2%.
- (2) Based on the total net loss of the Group of approximately S\$0.09 million as at 31 December 2019. The Subsidiaries did not record any profit nor loss in the financial year ended 31 December 2019 as they are non-operating.
- (3) Based on the issued share capital of the Company of 449,734,288 Shares as at 2 July 2018 and the weighted average price of S\$0.027 transacted on 2 July 2018, being the last market day on which the Shares were traded.

As the relative figure computed under Rule 1006(a) involves negative figures, pursuant to Catalist Rule 1007(1), the Company will, through its Sponsor, consult the SGX-ST on the applicability of the relevant provisions of Chapter 10 of the Catalist Rules for the Proposed Disposal. The Directors confirmed that the Proposed Disposal will be subject, where applicable, to the Catalist Rules and the outcome of such consultation with the SGX-ST.

5. GAIN ON DISPOSAL

The gain on disposal of the Subsidiaries upon completion of the Proposed Disposal by the Company is expected to be S\$7 as the Company’s investment in the Subsidiaries have been written off as at 31 December 2019.

6. RATIONALE FOR THE PROPOSED DISPOSAL

Declining financial performance of the Group.

The group is a multi-product, multi-platform and multi-distribution channel travel reservation company. Its current business model requires costly physical infrastructure with sizable headcount, advertising and marketing budget. In recent years, the Group’s financial position has been stretched very thin and could not effectively derive benefits and business growth from these Subsidiaries. Since 2018, the Group has rationalised its operation to focus on a lighter structure and profitable business lines. The rationalisation will continue as the group resolve its debt and seek new investment.

Cessation of operations of the Subsidiaries

The Company and all its Subsidiaries have ceased operations since June 2018 and all the staff and local nominee directors at the overseas Subsidiaries have departed from the Subsidiaries. The physical offices of the overseas Subsidiaries have also been seized by the respective landlords due to unpaid rent. Despite having equity interests on record in the overseas Subsidiaries, the Subsidiaries are effectively dormant and have not been contributing revenue or profit to the Group. The Proposed Disposal will allow the Group to streamline its corporate structure to improve both cost and management efficiency and improve utilisation of the Company's available resources. The Board is thus of the view that Company would benefit from the Proposed Disposal.

Restructuring of the Group

The Board is also of the view that it is an opportune and appropriate time for the Company to dispose of the Subsidiaries in anticipation of its plans for a resumption of trading pursuant to the Company's intended submission to the SGX-ST of a proposal for resumption of trading, further details of which are set out in the Company's announcement on 21 December 2020.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or Controlling Shareholders have any interest, direct or indirect, in the Proposed Disposal other than through their respective shareholdings (if any) in the Company. No service agreement will be entered into with any person in relation to the Proposed Disposal.

8. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposal and a circular ("**Circular**") containing, *inter alia*, details thereof and the notice of EGM in connection therewith, will be despatched to the Shareholders in due course.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPAs will be available for inspection during normal business hours at the Company's registered office at 46 East Coast Road, #06-03, Eastgate Singapore 428766 for a period of three (3) months from the date of this announcement. Shareholders who wish to inspect the SPAs should send an email to accounts2@asiatravel.com to make an appointment so that the relevant arrangements can be made in view of the COVID-19 control measures.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and the Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the SPA and Proposed Disposal as appropriate or when there are further developments on the Proposed Disposal, in particular, when the Circular is despatched to Shareholders.

12. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company, which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Boh Tuang Poh
Executive Chairman and Chief Executive Officer

31 December 2020

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.

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