



TRAVELITE HOLDINGS LTD.
(Registration No. 200511089K)

Half Year Financial Statement Announcement For The Six Months Ended 30 September 2020

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	6 months ended		
	<u>Sep 2020</u>	<u>Sep 2019</u>	+ / (-)
	<u>\$'000</u>	<u>\$'000</u>	%
Revenue	5,460	19,743	(72.3)
Cost of sales	(2,945)	(11,591)	(74.6)
Gross profit	<u>2,515</u>	<u>8,152</u>	(69.1)
<u>Other items of income</u>			
Interest income	–	261	(100.0)
Other gains	2,306	93	N.M.
<u>Other items of expense</u>			
Marketing and distribution costs	(3,669)	(6,679)	(45.1)
Administrative expenses	(1,921)	(2,396)	(19.8)
Finance costs	(447)	(565)	(20.9)
Other losses	(463)	(490)	(5.5)
Loss before tax from continuing operations	<u>(1,679)</u>	<u>(1,624)</u>	3.4
Income tax expense	(20)	(81)	(75.3)
Loss from continuing operations, net of tax	<u>(1,699)</u>	<u>(1,705)</u>	(0.4)
<u>Other comprehensive income:</u>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	14	5	N.M.
Total comprehensive loss	<u>(1,685)</u>	<u>(1,700)</u>	(0.9)

	Group		
	6 months ended		
	<u>Sep 2020</u>	<u>Sep 2019</u>	+ / (-)
	<u>\$'000</u>	<u>\$'000</u>	%
<u>Loss attributable to owners of the parent, net of tax:</u>			
- from continuing operations	(1,555)	(1,369)	13.6
<u>Loss attributable to non-controlling interests, net of tax:</u>			
- from continuing operations	(144)	(336)	(57.1)
Loss net of tax	<u>(1,699)</u>	<u>(1,705)</u>	(0.4)
Total comprehensive loss attributable to owners of the parent	(1,541)	(1,364)	13.0
Total comprehensive loss attributable to non-controlling interests	(144)	(336)	(57.1)
Total comprehensive loss	<u>(1,685)</u>	<u>(1,700)</u>	(0.9)

N.M. denotes not meaningful

Notes on statement of comprehensive income

	Group	
	6 months ended	
	<u>Sep 2020</u>	<u>Sep 2019</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Other gains/(losses)</u>		
Amortisation of other intangible assets	(17)	(17)
Foreign exchange adjustment (losses)/gains	(42)	4
Gain on disposal of plant and equipment	3	23
Government grants received	2,303	66
Plant and equipment written off	(16)	(19)
Inventories written off	(9)	(5)
Allowance for impairment on inventories	(258)	(166)
Allowance for impairment on receivables	(121)	(283)
Net	<u>1,843</u>	<u>(397)</u>
Presented in profit or loss as:		
Other gains	2,306	93
Other losses	(463)	(490)
Net	<u>1,843</u>	<u>(397)</u>
<u>Finance costs</u>		
Interest expense	<u>447</u>	<u>565</u>

1 (b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	<u>Group</u> <u>2020</u>			<u>Company</u> <u>2020</u>		
	<u>30 Sep</u> \$'000	<u>31 Mar</u> \$'000	+ / (-) %	<u>30 Sep</u> \$'000	<u>31 Mar</u> \$'000	+ / (-) %
ASSETS						
<u>Non-current assets</u>						
Property, plant and equipment	20,063	20,614	(2.7)	18,869	19,192	(1.7)
Right-of-use assets	9,075	9,719	(6.6)	8,008	8,120	(1.4)
Intangible assets	190	208	(8.7)	–	–	N.M.
Investments in subsidiaries	–	–	N.M.	12,734	12,734	0.0
Investment in associate	239	239	0.0	–	–	N.M.
Deferred tax assets	28	34	(17.6)	–	–	N.M.
Other receivables	2	3	(33.3)	–	–	N.M.
Total non-current assets	<u>29,597</u>	<u>30,817</u>	(4.0)	<u>39,611</u>	<u>40,046</u>	(1.1)
<u>Current assets</u>						
Property held for sale	1,742	1,742	0.0	–	–	N.M.
Inventories	15,019	15,418	(2.6)	–	–	N.M.
Trade and other receivables	7,829	8,281	(5.5)	5,512	3,463	59.2
Other non-financial assets	179	415	(56.9)	23	23	0.0
Cash and cash equivalents	3,979	5,493	(27.6)	159	141	12.8
Total current assets	<u>28,748</u>	<u>31,349</u>	(8.3)	<u>5,694</u>	<u>3,627</u>	57.0
Total assets	<u>58,345</u>	<u>62,166</u>	(6.1)	<u>45,305</u>	<u>43,673</u>	3.7
EQUITY AND LIABILITIES						
<u>Equity attributable to owners of the parent</u>						
Share capital	21,831	21,831	0.0	21,831	21,831	0.0
Treasury shares	(2)	(2)	0.0	(2)	(2)	0.0
Accumulated losses	(5,148)	(3,593)	43.3	(5,729)	(5,584)	2.6
Other reserves	348	334	4.2	(82)	(82)	0.0
Equity, attributable to owners of the parent, total	<u>17,029</u>	<u>18,570</u>	(8.3)	<u>16,018</u>	<u>16,163</u>	(0.9)
Non-controlling interests	3,336	3,480	(4.1)	–	–	N.M.
Total equity	<u>20,365</u>	<u>22,050</u>	(7.6)	<u>16,018</u>	<u>16,163</u>	(0.9)

	Group			Company		
	2020			2020		
	<u>30 Sep</u>	<u>31 Mar</u>	<u>+ / (-)</u>	<u>30 Sep</u>	<u>31 Mar</u>	<u>+ / (-)</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
<u>Non-current liabilities</u>						
Provisions	183	195	(6.2)	–	–	N.M.
Deferred tax liabilities	148	159	(6.9)	65	65	0.0
Lease liabilities	8,456	8,781	(3.7)	8,099	8,176	(0.9)
Other financial liabilities	14,400	10,072	43.0	11,101	10,072	10.2
Total non-current liabilities	23,187	19,207	20.7	19,265	18,313	5.2
<u>Current liabilities</u>						
Income tax payable	230	225	2.2	46	50	(8.0)
Trade and other payables	4,901	4,283	14.4	1,313	777	69.0
Lease liabilities	885	1,226	(27.8)	154	152	1.3
Other financial liabilities	8,777	14,571	(39.8)	8,509	8,178	4.0
Deferred grant income	–	604	(100.0)	–	40	(100.0)
Total current liabilities	14,793	20,909	(29.3)	10,022	9,197	9.0
Total liabilities	37,980	40,116	(5.3)	29,287	27,510	6.5
Total equity and liabilities	58,345	62,166	(6.1)	45,305	43,673	3.7

1 (b) (ii) Aggregate amount of the group's borrowings and debt securities.

	Group			
	2020			
	<u>30 Sep</u>		<u>31 Mar</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
a) Aggregate repayable in one year or less, or on demand	8,793	19	8,213	6,393
b) Amount payable after one year	14,490	–	10,180	–

The facilities are secured or covered by:

- 1) First legal mortgages on leasehold properties held by the Company and a subsidiary.
- 2) Assignment of rental proceeds from the leasehold properties held by the Company and a subsidiary.
- 3) Corporate guarantee from certain subsidiaries in favour of the lender of the Company.
- 4) Corporate guarantee from the Company in favour of lenders of certain subsidiaries.
- 5) Negative pledge on the assets of a subsidiary.
- 6) The obligation under finance leases are secured over the leased assets.

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	6 months ended	
	<u>Sep 2020</u>	<u>Sep 2019</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Cash flows from operating activities</u>		
Loss before tax	(1,679)	(1,624)
Adjustments for:		
Interest income	–	(261)
Interest expense	447	565
Depreciation of property, plant and equipment	610	678
Depreciation of investment property	–	80
Depreciation of right-of-use assets	786	784
Amortisation of other intangible assets	18	17
Allowance of impairment of trade and other receivables	121	283
Gain on disposal of plant and equipment	(3)	(23)
Plant and equipment written off	16	19
Provisions	(12)	21
Operating cash flows before changes in working capital	304	539
Inventories	399	(2,118)
Trade and other receivables	332	(2,123)
Other assets	236	162
Trade and other payables	14	(682)
Provisions	–	(7)
Net cash flows from /(used in) operations before interest and tax	1,285	(4,229)
Income tax paid	(20)	(79)
Net cash flows from / (used in) operating activities	1,265	(4,308)
<u>Cash flows from investing activities</u>		
Disposal of plant and equipment	3	45
Purchase of plant and equipment (see Note A)	(80)	(403)
Cash restricted in use	–	100
Interest received	–	261
Net cash flows (used in) / from investing activities	(77)	3
<u>Cash flows from financing activities</u>		
Principal element of lease payments	(794)	(51)
Interest element of lease payments	(156)	(698)
Increase in other financial liabilities	5,000	1,220
Decrease in other financial liabilities	(6,071)	(340)
Interest paid	(291)	(565)
Net cash flows used in financing activities	(2,312)	(434)

	Group	
	6 months ended	
	<u>Sep 2020</u>	<u>Sep 2019</u>
	\$'000	\$'000
Net decrease in cash and cash equivalents	(1,124)	(4,739)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	4,998	9,474
Net effect of exchange rate changes on cash and cash equivalents	5	19
Cash and cash equivalents, consolidated statement of cash flows, ending balance	<u>3,879</u>	<u>4,754</u>
<u>Analysis of cash and cash equivalents for consolidated statement of cash flows:</u>		
Cash and cash equivalents	3,979	5,111
Cash restricted in use	(100)	(350)
Overdrafts	–	(7)
Cash and cash equivalents for consolidated statement of cash flows purposes	<u>3,879</u>	<u>4,754</u>

NOTE:

A. Non-cash transaction:

During the financial period, there were acquisitions of plant and equipment with a total cost of NIL (1H FY2020: \$130,000) by means of finance leases.

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Other reserves								
	Attributable		Retained		Foreign	Gain/ loss on	Loss on		Non-
	Total	to parent	Share	earnings	Treasury	currency	acquisition or	reissuance	controlling
	<u>equity</u>	<u>sub-total</u>	<u>capital</u>	<u>(accumulated</u>	<u>shares</u>	<u>translation</u>	<u>disposal of</u>	<u>of treasury</u>	<u>interests</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>losses)</u>	<u>\$'000</u>	<u>reserve</u>	<u>NCI</u>	<u>shares</u>	<u>\$'000</u>
				<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>The Group</u>									
Balance at 1 April 2020	22,050	18,570	21,831	(3,593)	(2)	168	248	(82)	3,480
Movements in equity:									
Total comprehensive loss for the period	(1,685)	(1,541)	–	(1,555)	–	14	–	–	(144)
Balance at 30 September 2020	20,365	17,029	21,831	(5,148)	(2)	182	248	(82)	3,336
Balance at 1 April 2019	28,254	24,687	21,831	2,518	(2)	174	248	(82)	3,567
Movements in equity:									
Total comprehensive loss for the period	(1,700)	(1,364)	–	(1,369)	–	5	–	–	(336)
Balance at 30 September 2019	26,554	23,323	21,831	1,149	(2)	179	248	(82)	3,231
<u>The Company</u>									
Balance at 1 April 2020	16,163	16,163	21,831	(5,584)	(2)	–	–	(82)	–
Movements in equity:									
Total comprehensive loss for the period	(145)	(145)	–	(145)	–	–	–	–	–
Balance at 30 September 2020	16,018	16,018	21,831	(5,729)	(2)	–	–	(82)	–
Balance at 1 April 2019	16,556	16,556	21,831	(5,191)	(2)	–	–	(82)	–
Movements in equity:									
Total comprehensive loss for the period	(58)	(58)	–	(58)	–	–	–	–	–
Balance at 30 September 2019	16,498	16,498	21,831	(5,249)	(2)	–	–	(82)	–

- 1 (d) (ii) Details of any changes in the company's share capital arising from right issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital since the end of the previous period reported on, being 31 March 2020 till 30 September 2020.

The number of shares held as treasury shares as at 30 September 2020 and 30 September 2019 was 7,800 (0.01%).

There were no outstanding convertibles or subsidiary holdings as at 30 September 2020 and 30 September 2019.

- 1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at the end of current financial period was 63,098,409 (31 March 2020: 63,098,409).

- 1 (d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

No treasury shares were sold, transferred, cancelled or used during the period ended 30 September 2020.

- 1 (d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as there were no subsidiary holdings.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The adoption policies and method of computation applied in the financial statements for the current financial period are consistent with those applied in the audited financial statements for the year ended 31 March 2020.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new/revised accounting policies has not resulted in any substantial changes to the Group's accounting policies nor any significant impact on these financial statement.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year after deducting any provision for preference dividends.

	<u>Group</u>	
	<u>Sep 2020</u>	<u>Sep 2019</u>
Loss per share (in cents)		
Continuing operations:		
- Basic and diluted	<u>(2.5)</u>	<u>(2.2)</u>

- 7 Net asset value (for the issuer and group) per ordinary share based on total number issued share capital excluding treasury shares of the issuer at end of the current financial period reported on and immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>		<u>2020</u>	
	<u>30 Sep</u>	<u>31 Mar</u>	<u>30 Sep</u>	<u>31 Mar</u>
Net asset value per share (in cents)	32.3	34.9	25.4	25.6
Net assets (including non-controlling interest) (\$'000)	20,365	22,050	16,018	16,163
Number of shares used in calculating net asset value per share ('000)	63,098	63,098	63,098	63,098

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(A) Commentary on The Statement of Comprehensive Income of The Group

(i) Revenue

Revenue decreased by 72.3% year-on-year as the Group's performance was affected by the spread of the COVID-19 pandemic at the beginning of 2020.

(ii) Gross Profit

The gross profit margin of 46.1% in 1H FY2021 was better as compared to 41.3% achieved in 1H FY2020 mainly due gross profit contribution from subsidiary, Global Brands Studio Co., Ltd amounting to \$0.1 million (1H FY2020: NIL).

(iii) **Interest Income**

Amount was NIL in 1H FY2021 (1H FY2020: \$240,000) was recognised as finance income pursuant to SFRS(I) 15 *Revenue from Contracts with Customers*.

(iv) **Other Gains**

The other gains of \$2,306,000 (1H FY2020: \$93,000) include government grants received of \$2,303,000 (1H FY2020: \$66,000) and gains on disposal of plant and equipment of \$3,000 (1H FY2020: \$23,000). Government grants received was mainly related to the Job Support Scheme (JSS) pay-outs received in Apr'20, May'20 and Jul'20.

(v) **Marketing and Distribution Costs and Administrative Expenses**

Operating expenses/revenue ratio more than doubled in 1H FY2021 due to the sharp decline in revenue. Depreciation of right-of-use assets totalling \$0.8 million (1H FY2020: \$0.8 million) was recognised pursuant to SFRS(I) 16.

(vi) **Finance Costs**

Finance costs decreased by \$0.1 million mainly due to settlement of trust receipts with financial institutions.

(vii) **Other Losses**

Impairment losses on receivables and inventories totalling \$379,000 (1H FY2020: \$449,000) made up the bulk of the other losses.

(B) Commentary on The Consolidated Statements of Financial Position and Statement of Cash Flows

- (i) The Group and Company ROU assets totalling \$9.1 million and \$8.0 million respectively, on 1 April 2020. Depreciation amounting to \$0.8 million was charged in 1H FY2021.
- (ii) The sharp decline in revenue during the Circuit Breaker period in Apr'20 and May'20, resulted in a significant increase of the Group's inventories. Stock turnover days in 1H FY2021 increased to 31 months (1H FY2020: 7 to 8 months).
- (iii) The Group's trade receivables decreased by \$0.3 million primarily due to collections from certain customers of the Group. Debtors' turnover days increased from 4 months in 1H FY2020 to 7 months. Other receivables reduced by \$0.3 million following settlement of accounts.
- (iv) Trade and other payables increased by \$0.6 million mainly due to slower repayment to suppliers. Creditors' turnover days increased from 40 days to 154 days.
- (v) Total other financial liabilities decreased by \$1.5 million as a result of (a) increase in Temporary Bridging Loan (TBL) amounting to \$5 million; which was off-set by (b) repayment of bills payable amounting to \$6.5 million. \$7.7 million out of the Group's and the Company's current other financial liabilities was loans without fixed tenures and may be rolled over upon maturity for extended tenures i.e. revolving tenures.
- (vi) As at 30 September 2020, the Group's cash and cash equivalents of \$4.0 million was sufficient for its ongoing operations.

9 Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

On 2 November 2020, the Group issued a profit warning that the Group expects to register a net loss for 1H FY2021. The business operations of the Group in 1H FY2021 were severely disrupted due to the strict travel

restrictions, social distancing measures, and government actions implemented in Singapore, Malaysia and Indonesia, to combat the rapid spread of the Covid-19 pandemic.

The Group has implemented cost cutting measures commencing from February 2020, to mitigate the impact of COVID-19 pandemic. For instance, the Group's employees, management and directors participated in various voluntary cost cutting measures including no pay leave and wage reduction. To ensure sustainability of our business, the Group had stepped up efforts to expand our online presence and build our brand via social media. However, contribution from online business is not substantial to the Group's revenue.

The net loss suffered in 1H FY2021 is consistent with the above announcement released.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In Singapore, the number of COVID-19 cases continues to decline and the Government has progressively taken steps to slowly reopen its economy, relaxing the rules on social distancing and may be planning to enter Phase 3 of its reopening end of 2020.

In late October 2020, Singapore had established with Malaysia, Reciprocal Green Lane (RGL) to enable short-term cross border travel for essential business and official purposes between both countries and Periodic Commuting Arrangement (PCA), which allows Singapore and Malaysia residents, who hold valid work passes in the other country, to enter that country for work. Similarly, Singapore and Hong Kong had also reached an in principle agreement to establish two-way Air Travel Bubble (ATB) that would allow travel between two countries without quarantine. In the coming months, Singapore hopes to establish more these ATB arrangements with countries which are considered safe and have demonstrated considerable success in containing and combating the COVID-19 pandemic within their respective borders such as New Zealand and Japan.

The threat of Covid-19 would continue to persist against the tourism industry, until a vaccine against this infection is found. However, due to the severity of the slowdown in local and global economic activities, the timing and degrees of recovery remains uncertain.

11 Dividends:

(a) Current financial period reported on

No dividend has been declared for this current financial period reported on.

(b) Corresponding period of the immediately preceding financial year

No dividend has been declared for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for this current financial period reported on as the Group is conserving cash for business growth and opportunities.

- 13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have any general mandate from shareholders pursuant to Rule 920.

- 14 Negative confirmation pursuant to Rule 705 (5)**

To the best of our knowledge, nothing material has come to the attention of the Board which may render the financial period results ended 30 September 2020 to be false or misleading in any material aspect.

- 15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1)**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

THANG TECK JONG
Executive Chairman
12 November 2020