



**TRAVELITE HOLDINGS LTD.**

(Incorporated in Singapore)

(Company Registration Number: 200511089K)

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## **RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON ANNUAL REPORT 2022**

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In response to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 21 July 2022 in relation to the Company’s Annual Report 2022 (the “**Annual Report**”), the Board of Directors of Travelite Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to provide the following additional information:

### **Query 1**

The Company disclosed at page 54 of its Annual Report that it has outsourced its internal audit function to an external professional firm, Sam & Co.. Please disclose the specific experience and relevant qualifications of the engagement team. To also disclose the size of the firm, the track record of the firm, the internal audit standards applied for the review of the Company’s internal controls, details of the scope of the reviews undertaken, its experience with reviewing internal controls of SGX listed issuers taking into account the requirements of the listing rules of SGX when reviewing the internal controls of the Company. In addition, please provide the specific basis that the Audit Committee (“**AC**”) took into account in their determination that the internal auditor has the relevant experience to perform an internal audit that addresses risks management, IT, financial, operational and compliance risks of the Company, in the best interest of the Company and its minority shareholders. Please substantiate your response with specific details.

### **Response**

The internal audit function is outsourced to an external professional firm in Malaysia, Sam & Co., with 26 years of experience and specialises in auditing, business advisory and consultation, tax planning and accounting services. The company’s total staff strength is 15 employees. The engagement team comprises two partners and one principal of the firm. The credentials of the engagement team members are as follows:

(a) Engagement Partner, Ms Sam Yop Pong

- Fellow Member of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Accountants, the Institute of Internal Auditors Malaysia and the Chartered Tax Institute of Malaysia
- Prior to setting up Sam & Co., partner in Peter Chong & Co, Chartered Accountants, and Paul Chuah & Co, Chartered Accountants
- Extensive experience in auditing, due diligence review and other financial related works

(b) Engagement Partner, Mr Chua Hee Meng

- Fellow Member of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia
- Over 20 years of audit experience in various industries including manufacturing, retailing, trading, construction, engineering and service industry

(c) Principal, Mr Wong Chee Khong

- Member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants
- More than 14 years of experience in audit

Sam & Co. has acted as internal auditor for 5 companies listed on Main Market of Bursa Malaysia Securities Berhad. It has 14 years of experience with reviewing internal controls of the Group.

The internal audit standards applied for the review of the Group's internal controls were "International Standards for the Professional Practice of Internal Auditing". During the financial year ended 31 March 2022, Sam & Co. reviewed key internal controls, which includes areas affected by COVID-19 Pandemic such as forecasting, budgeting and monitoring processes, inventory control, business-operation resumption planning, crisis, and disaster management risk as well as the management risk assessment review and action plan on COVID-19.

Based on the experience and qualifications of the engagement team and their 14 years of internal audit engagement with the Group whereby they are familiar with the Group's workflows and processes, the Audit Committee is satisfied that the internal auditor has the relevant experience to perform an internal audit that addresses risks management, IT, financial, operational and compliance risks of the Group, in the best interest of the Company and its minority shareholders.

## **Query 2**

Provision 10.1 of the Code of Corporate Governance ("**Code**") sets out the duties of the AC, which includes, *inter alia*, reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements; reviewing the assurance from the CEO and the chief financial officer on the financial records and financial statements and reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, as set out on page 52 of the Company's Annual Report. The Code also requires that "The AC comprises at least three directors, **all of whom are non-executive** and the majority of whom, including the AC chairman, are independent." [emphasis added]. The Company disclosed on page 53 that Mr Thang Teck Jong the executive Chairman of the Company is a member of the AC. To justify robustly how the AC is able to effectively carry out its duties as set out above and to substantiate how it is suitable for the Executive Chairman to be reviewing his own work and how he can independently investigate matters relating to himself as part of this role as a member of the AC. Please note that the Company must consider the appointment of appropriately suitable non-executive and preferably independent directors to be members of its AC in the interest of the Company and its minority shareholders.

## **Response**

As there were no significant changes to the business model in the past few years, the Board opines that the current composition of the AC, which includes, a majority of two independent Directors and one executive Chairman, has sufficient financial management expertise and experience to discharge the AC's functions. Decisions made at the AC meetings are achieved by majority consensus and the AC consists of a majority of independent Directors. In the event that there is conflict of interest, the executive Chairman will abstain from reviewing his own work and the two independent Directors will investigate matters relating to the executive Chairman.

The Company will continue to review annually, the adequacy of the AC and take into consideration the appointment of appropriately suitable non-executive and independent directors to be members of its AC in the interest of the Company and its minority shareholders.

### **Query 3**

With reference to page 53 of the Annual Report which discusses the whistle blowing policy of the Company, please disclose the following:

- (a) Rule 1207(18B)(a) of the Mainboard Rules requires an explanation of how the issuer has complied with the requirement to designate "an **independent function** to investigate whistleblowing reports made in good faith" [emphasis added]. To disclose whether the Company has designated an independent function to investigate whistle-blowing reports and the details of this "independent function" for the purpose of investigating whistleblowing reports. Please explain how the Company's investigators, where all the members are made up of all executives of the Company, constitutes an independent function as required under the listing rule.
- (b) To also disclose how the Company ensures that investigations are independently conducted and that protection of the whistleblower against detrimental or unfair treatment is accorded as required under listing rule 1207(18B)(c);
- (c) With respect to the conduct of "independent investigations" to investigate whistleblowing reports made in good faith, to elaborate whether and how is the AC of the Company involved or independently investigates into matters raised; and
- (d) It is stated that the Company "has a well-defined process which ensures independent investigation of issues/concerns raised..." Please explain the process and the specific responsible person(s) overseeing an independent investigation. To disclose how the identity of the whistle blower is kept confidential, noting that the Executive Chairman is a member of the Audit Committee.

### **Response**

The chairman of the AC is responsible for investigating and/or resolving all complaints or concerns submitted under the whistle-blowing policy. Following the receipt of any whistle-blowing reports, the chairman of the AC will investigate each matter reported and has the authority to appoint an independent investigator, if required, to investigate any whistleblowing reports made in good faith. In conducting the investigation, the chairman of the AC shall use reasonable best efforts to protect the confidentiality and anonymity of the whistle-blower, subject to his need to conduct a thorough investigation. All employees who report in good faith and do so without malicious intent are assured of protection from any reprisal. The chairman of the AC shall advise the chairman of the Board, Group Financial Controller and/or AC of complaints or concerns received, prior to the date of his final report, unless he determines that it would be inappropriate in the circumstances.

Details of the whistle-blowing policy, together with the dedicated whistle-blowing communication channels have been made available to all employees in the Company's Employee Handbook. All employees are encouraged to report instances of suspected fraud, corruption, dishonesty practices or other similar matters via email or using the special internal mailbox in their respective companies for the purpose. Anonymous submission of complaints is allowed.

**Query 4**

With reference to page 49 of the Annual Report, the Company has discussed the policy and criteria for setting remuneration for the Executive Chairman and key management personnel. Please disclose the Company's policy and criteria for setting the remuneration of directors.

**Response**

The Company currently has only one executive Director, who is the executive Chairman. The policy and criteria for setting remuneration for the executive Chairman is set out under Provision 8.1 of the Code on page 43 of the Annual Report.

As for the independent Directors' remuneration, as set out under Provision 7.2 of the Code on page 43 of the Annual Report, they are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the effort, time spent and the responsibilities of the independent Directors. The Directors' fees are subject to approval by shareholders at each annual general meeting.

By Order of the Board

Thang Teck Jong  
Executive Chairman  
22 July 2022