

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 2018

Pursuant to Rule 704(4) of the Listing Manual - Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors (“**Board**”) of Asiatravel.com Holdings Ltd (“**Company**”) and together with its subsidiaries, “**Group**”) wishes to announce that the Independent Auditors of the Company, Messrs Ernst & Young LLP (“**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 2018 (“**FP2018**”). 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**”) and accordingly, the Loss-making Subsidiaries will cease to be subsidiaries of the Company as of the Effective Date. The Disposal will be subject to Shareholder’s approval in a general meeting to be held in due course.
- (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 is in the midst of discussions with the New Investor to amend or supplement the CFA where the New Investor will 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 at 30 July 2021, 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\$1,240,154.67, with an estimated remaining unutilised amount of approximately S\$359,845.33 being available for further drawdown to fund the Company’s working capital and other requirements. The Company is now focusing its resources on the Resumption Proposal and will continue to provide updates to its shareholders via SGXNET as and when there are material developments.

- (e) As disclosed in the Company's announcement on 30 July 2021, the Company has concurrently submitted the ROT Proposal to the SGX-ST on 31 July 2021 and an extension of time application until 6 December 2021 to comply with its past financial reporting requirements pursuant to Catalist Rules 705(2), 707(1) and 1304(1). The Company will update Shareholders in due course on its plans for the Company's business under the ROT Proposal.
- (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 to be submitted by the Company.

Based on the Group's total assets and total liabilities of \$1.70 million and \$19.66 million respectively as at 31 December 2018 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 FP2018 in its entirety in the Annual Report.

The Annual Report containing the Independent Auditors' Report and a completed set of the audited financial statements for FP2018 will be despatched to the shareholders of the Company in due course.

BY ORDER OF THE BOARD

Boh Tuang Poh
Executive Chairman and Chief Executive Officer

19 August 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 2018 TO 31 DECEMBER 2018**

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 2018, 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 2018 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).

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, together with accounting data and financial records retrieved from the Company's in-house IT and accounting systems for the preparation of these financial statements. 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. As a result, we were unable to obtain all relevant information and supporting documents necessary to complete our audit.

As we were not able to obtain all relevant information and explanations, 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 2018.

Going concern

The Group ceased its operating activities during 2018, and reported a net loss and net operating cash outflows for the financial year ended 31 December 2018. As at 31 December 2018, the Group and Company is in a net liabilities and net current liabilities position. 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 a going concern.

Going concern (cont'd)

As stated in Note 2.2 to the financial statements, the Directors have prepared the financial statements on a going concern basis based on the assumptions disclosed in Note 2.2. However, 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.

Because of the significance of the matters described above, we have not been able to obtain sufficient appropriate audit evidence to express an opinion on the financial statements.

In 2017, we disclaimed our opinion on the financial statements of the Group as we were not able to obtain sufficient audit evidence to satisfy ourselves as to the appropriateness of the going concern assumption used in the preparation of the financial statements.

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 Tan Boon Heng.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 July 2021

EXTRACT OF NOTE 2.2 TO THE AUDITED FINANCIAL STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

2.2 *Going concern assumption*

The Group incurred a net loss of \$20.48 million for the financial year ended 31 December 2018 (31 December 2017: \$34.55 million). As at 31 December 2018, the Group's and Company's current liabilities exceeded their current assets by \$18.55 million (31 December 2017: (\$10.99 million) and \$7.75 million (31 December 2017: \$0.44 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 Board have 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 the 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**") and accordingly, the Loss-making Subsidiaries will cease to be subsidiaries of the Company as of the Effective Date.

- (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 is in the midst of discussions with the New Investor to amend or supplement the CFA where the New Investor will 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 at 30 July 2021, 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\$1,240,154.67, with an estimated remaining unutilised amount of approximately S\$359,845.33 being available for further drawdown to fund the Company's working capital and other requirements.

**EXTRACT OF NOTE 2.2 TO THE AUDITED FINANCIAL STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

2.2 *Going concern assumption (cont'd)*

- (e) The Company is currently working towards submission of the ROT Proposal to the SGX-ST by 31 July 2021, and will update Shareholders in due course on its plans for the Company's business under the ROT Proposal.

- (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 to be submitted by the Company.