

Asiatravel.com



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

UPDATE ON NOTIFICATION OF DELISTING

The Board of Directors (the “**Board**”) of Asiatravel.com Holdings Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the Company’s announcements on 8 April 2022, 18 April 2022 and 29 April 2022 (the “**Previous Announcements**”). Unless otherwise defined herein or the context otherwise requires, all capitalized terms shall have the same meanings as defined in the Previous Announcements.

The Board wishes to inform the shareholders that:

- (i) the Company Appeal against delisting has been rejected by SGX-ST as there are no new facts to warrant changes to SGX’s decision to delist the Company on 12 May 2022, 9am.
- (ii) the Company will be delisted on 12 May 2022
- (iii) the Company do not intend to issue shares certificate back to existing shareholders
- (iv) the Company contact person to its shareholders following the delisting will be Boh Tuang Poh email <boh@asiatravel.com>
- (v) the Company Formal Appeal Letter against delisting is included in this announcement for shareholders’ reference
- (vi) shareholders may contact the Company’s contact person if they wish to view the supporting documents use to support for the Formal Appeal Letter

BY ORDER OF THE BOARD

Boh Tuang Poh
Executive Chairman and Chief Executive Officer

11 May 2022

*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**”).*

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@rhtgoc.com.



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11th May2022

CONFIDENTIAL

RHT Capital Pte. Ltd. ("Sponsor")

6 Raffles Quay
#24-02
Singapore048580

Attention:Ms Qing Bao/ Ms Christie Sheilla

Dear Sirs

Appeal against Delisting

The Company submits its appeal particularly in view of the extraordinary circumstances faced by the Company which have been exacerbated by the COVID-19 pandemic, and on, inter alia, the following grounds:

(a) The Company having achieved a key milestone in its restructuring efforts as it had obtained approval by its creditors and Court sanction for the scheme of arrangement proposed to be made between the Company and the creditors (the "**Scheme**") and will be in a position to move definitively on other outstanding actions, including finalising the audited financial statements for the financial year ended 31 December 2021 and holding of the annual general meeting;

(b) Sky Smart Ventures Limited (the "**New Investor**") remains supportive of the Company and will continue to advance cash to the Company, in order to continue financing the working capital of the Company, such advances amounting to an aggregate of S\$0.6 million (with the most recent advance being made on 30 April 2022). The New Investor continues to engage actively with the Company and its stakeholders;

(c) The Company is the Exclusive Marketing Partner of Livewerkz Pte Ltd ("**Livewerkz**") Livewerkz is targeting to organise two Electronic Dance Music Festival events in China and Saudi Arabia during October/November 2022 period. The full profile of Livewerkz are detailed on its corporate website at <https://www.livewerkz.com/> and the information on the Saudi Arabia Festival event is detailed at <https://www.thesoundstorm.com/>

The China events were originally scheduled to be held in December 2021 but have been postponed due to the pandemic. The organiser is awaiting approval from the China Authorities to hold these events in the later part of 2022 once the Covid-19 situation has stabilised. They have re-applied and are awaiting the necessary license approval from the Authorities to hold these events. Please refer to attached postponed documents (file: YuRenMaTou, EDM Twilight and PPT on the EDM) provided by Livewerkz from their event organising partners in China.

Livewerkz has informed the Company that the events in China are targeting an estimated 360,000 partygoers and the event in Saudi Arabia is targeting an estimated 300,000 partygoers. As the Exclusive Marketing Partner distributing the Event Tickets, the Company can expect to earn Revenue and Profits

supporting it continuing as a going concern and it will have a viable and sustainable business going forward.

The Company believes that this partnership with Livewerkz demonstrates the confidence in the Company's track record and profile as a listed company, as well as the trust in the New Investor to lead the Company during such circumstances;

(d) There can be no assurance that the New Investor would continue to support the Company financially and operationally if the Company fails to maintain its listing status, and in which case, the Company would not be able to proceed further with its debt restructuring through the Scheme. This would ultimately result in a material adverse impact on the shareholders in terms of their investment in the Company and is equally detrimental to the creditors who will recover close to nothing in a liquidation scenario; and

(e) Allowing the Company to carry its debt restructuring to fruition as a listed company will not result in prejudice to the Company's shareholders in light of its financial position and would instead give the Company the opportunity to continue its debt restructuring having the status of a listed company. This will eventually unlock value for its shareholders, who instead will suffer an unimaginable fate should the Company be delisted.

Seek an Extension of Time to submit an Appeal application

The Company would like to submit its views and position on the salient points and concerns of SGX-ST resulting in its decision to issue the Notification of Delisting to the Company and the various activities it has taken since the Notification of Delisting.

1. SGX-ST Delisting Point 3 - In August 2018, following receipt of statutory demands and writ of summons from its creditors, the Company filed applications with the Court to seek a moratorium against legal proceedings with the intention of subsequently proposing a scheme of arrangement ("Scheme") to organise the Company's liabilities. The Company's liabilities owing to the scheme creditors amounted to approximately S\$8.2 million. On 1 February 2021, the Court sanctioned the Scheme which is now binding between the Company and its scheme creditors. However, the Scheme has not been implemented as it involves issuance of shares which can only take place if trading in the Company's securities resumes.

Upon implementation of the scheme, the liabilities will be extinguished through a debt-to-equity conversion.

2. SGX-ST Delisting Point 4 - In July 2018, the Company received a notice of intent from the Singapore Tourism Board ("STB") in relation to the suspension of the Company's travel agent licence ("Travel Agent Licence") due to the Company's failure to fulfill its financial obligations. In October 2018, Asiatravel further received a notice of decision ("Notice of Decision") directing the suspension of the Company's Travel Agent License with effect from 20 October 2018. Whilst the Company submitted an appeal to the Minister of Trade & Industry ("MTI") and STB against the Notice of Decision, such appeal was subsequently rejected

The Company on the advice of STB has cancelled its license and it could re-apply, however it has to have a positive balance sheet of \$100,000. As the company has yet to extinguish its liabilities, it has incorporated a Special Purpose Vehicle (SPV) for ring-fencing purposes and created a new platform under Tripwerkz.com to operate its business. The SPV is 100% owned by the Company.

3. SGX-ST Delisting Point 5 - Notwithstanding that the Company submitted its resumption proposal to SGX RegCo, the proposal was inadequate and did not satisfactorily address issues on the Company's ability to operate as a going concern. The Exchange had to issue several rounds of queries to the Company to better understand the Company's resumption proposal and to obtain supporting documents and details on how the Company is able to substantiate, amongst others, that it has a viable business and is able to operate as a going concern.

The Company believes that the ROT Proposal has merit and adequately addresses the going concern issue at the point of submission. The Company appreciates SGX-ST queries and has taken its best efforts to accurately and fully respond to all SGX queries. Since the submission of the ROT Proposal, the Company has worked very hard to demonstrate progress both in obtaining business opportunities and developing plans for the trading resumption.

4. SGX-ST Delisting Point 6 -In addition, the Company submitted a two-year Business Projection (FY2021 and FY2022) for both the OTA Business and Events Ticketing Business which projected aggressive year-on-year growth in the Group's revenue as well as profit before tax under 3 scenarios – "Best", "Fair" and "Worst". Upon further review, we noted that the growth rate assumption adopted in the Business Projection ranged from 200% to 2,400% under the various scenarios. This is despite the Company not even meeting the "Worst" case scenario for FY2021 as none of the large-scale events forecasted for FY2021 took place and the OTA business recorded negligible revenue. Moreover, leisure, travel and large-scale events continue to be adversely affected by the world-wide Covid-19 pandemic. We further understand through RHTC that the Business Projection has not been reviewed by the Company's auditors and/or other independent professionals.

The large-scale events in China scheduled for launch in December 2021 were postponed to May/June 2022 (and then subsequently October/November 2022) due to the Covid-19 situation. Like any tourism projects, the organizer (Livewerkz) and company are mindful that the events may be impacted by the Covid-19 Pandemic. Therefore, the company has entered into an exclusive marketing partnership agreement with the organizer whereby pursuant to marketing agreements, Livewerkz unconditionally guarantees the payment of \$2.7m as the marketing fee in the event that the electronic dance music events are postponed, cancelled or do not take place for any reason whatsoever based on the marketing partnership agreements. It is clear from this that the Company has demonstrated progress in attaining new business contracts and opportunities.

The Projection ranges from 200% to 2,400% is based on fair assumptions as these are mega events spread over 18 days in more than 5 cities in China with an estimated turnout of 360,000 partygoers. As we are an exclusive ticketing agent our income is guaranteed based on the number of partygoers, therefore we do not see a need for an FA at the point of submission of the ROT Proposal. However we are not averse to engaging a Financial Advisor to opine on the business projection. The details on the various events and organizing partners in China are provided in Schedule 7 of the ROT Proposal submitted on 30 July 2021.

The company has finalized its FY2021 FS. It booked in the revenue of \$2.7m marketing fee, and it has received a payment schedule of the marketing fee to be paid in June and Sept 2022. (Please refer to attachment file: Payment Confirmation Letter from Livewerkz)

Therefore with the marketing fee even if the events are further postponed or cancelled due to the Covid-19 situation, the FY2021 FS will be profitable with the profit before tax approximately \$1.3 million and this would address the going concern and sustainability of the business going forward as these are not a one-off event.

5. SGX-ST Delisting Point 8- Taking into account the resumption proposal as well as the Company's submissions, representations and responses to the Exchange's queries, the Company had failed to demonstrate to SGX RegCo that it has a viable business and is able to continue as a going concern. In arriving at this decision, SGX RegCo considered, amongst others, the following factors:

- (i) Based on its latest announced audited financial statements for FY2020, the Group was in a net liability position of S\$22.1 million and its auditors, EY, had issued a disclaimer of audit opinion on the basis of the Company's inability to operate as a going concern and its insufficient accounting data and financial records;

The net liability of \$22.1 million in FY2020 consists mainly of liabilities that were subsequently restructured under the aegis of the Company's court sanctioned Scheme of Arrangement as well as liabilities carried under the Company's subsidiaries. Upon the subsequent implementation of the Scheme of arrangement, the liabilities under the scheme of arrangement will be extinguished through a debt-to-equity conversion. The liabilities under the subsidiaries will be extinguished upon an EGM to pass a resolution to dispose of the subsidiaries, which the Company is planning to carry out before the audit for the FY2021 financial statement.

- (ii) The Company's Travel Agent License has been suspended by the STB since 20 October 2018. As a result, the Company does not have any existing business operation;

In the ROT Proposal submitted on 30 July 2021, it was stated that we have incorporated a wholly-owned SPV and launched a new platform Tripwerkz.com to undertake the group business. Tripwerkz has a STB license and it has IT, marketing, contracting and operation personnel, functions and management maintaining the platform and securing the full spectrum of travel products including event tickets. It is therefore inaccurate to portray the Company as not having any existing business operation. Once the Company is able to resume trading, it will also be able to apply for an STB license.

The assumptions adopted for the Business Projection in both the OTA Business and Events Ticketing Business were aggressive. The Company did not even meet the "Worst" case scenario for FY2021. Further, the Company has not appointed its auditors or a suitable independent professional to review the Business Projection;

The Company has revenue of S\$2.7m for this Event Ticketing Business and the profit before tax is S\$1.3 million. This therefore meets its worst case scenario for FY2021. In spite of the postponement of the Electronic Dance Music events, the Company has undertaken pre-event marketing service for the organizer and the

organizer has acknowledged its service and accepted the Company invoices with a payment schedule.

The Company is in the process of appointing an auditor and will consider appointing a suitable Financial Advisor.

- (iii) The Company intends to restart its OTA Business through an entity that was only incorporated in October 2020 and had recorded revenue of merely S\$567 for the financial period ended 30 June 2021;
Due to the Covid-19 situation, the Company decided not to start its marketing activities, however the platform Tripwerkz.com has been fully operational online with the full spectrum of travel products and once the Covid-19 situation stabilizes, the business unit will be ramped with marketing activities and with the support of the exclusive ticketing products from Music Festival Events, the company will be in very competition position and we are not only selling standalone event tickets, the Company will also be able to package the tickets with other travel products. The products will be distributed via both the B2C (Consumer) and B2B (Trade) channels.

Even when the Events are postponed, the Company is able to earn marketing revenue due to the exclusive marketing service which the Company's online platform Tripwerkz.com provides to the Event organizers.

- (iv) The Events Ticketing Business did not have any past track record and the supposed large-scale events which were scheduled in December 2021 did not take place. In addition, this business was to be undertaken by way of a WFOE and VIE structure, which exposes the Company to significant political and regulatory risks as it was widely reported in the media that the PRC authorities had expressed plans to prohibit the use of such structures.

The Company has for many years been a significant theme park ticket seller in Asia including representing many top branded theme parks like Disneyland Hong Kong, Sunway Lagoon Malaysia, Cartoon Network Thailand and Universal Studios Singapore. In year 2010 the 1st year of Universal Studio Singapore (USS) opening, the Company as one of their top agents, sold 225,000 tickets for them vs. their sales of about 3 million which gives the Company 7% share of the sales. At \$70 per ticket, the Company's revenue was \$16million, if the Company were an exclusive agent its revenue would have been \$210million then. The sales platform, operational processes, domain and market knowledge of an event ticket is no different from a theme park ticket. In other words, the Company does have the requisite know-how and track record. This supports why the Company could forecast a range of 200% to 2,400% for its Electronic Dance Music ticketing business which are mega attendance events.(Please refer to attachment file: USS Tickets Sold in the year 2010).

The VIE structure is widely used by all offshore travel companies operating in China. Big US listed travel group like Ctrip, Qunar are all using this structure. The company has been using VIE and WFOE structured for its China business for many years. The risk can be mitigated and the Company has sought legal advice on it.

- (v) We further note that the Company has not conducted extensive due diligence on the new business and its associated risks;

The Company has conducted the necessary due diligence and this could be substantiated as the Company has effectively earned a marketing fee of S\$2.7m and there will be more such events going forward as the exclusive marketing agreement has a long term validity.

The Company is working to directly to secure an exclusive marketing agreement with the THEHANCE CO LTD, Saudi Arabia Organiser and Livewerkz to sell its event tickets. The events are expected to be held in October/November 2022 over 3 days with an estimated expected partygoer of 300,000. Please refer to attachment marketing partner agreements between Tripwerkz and THEHANCE and marketing poster of Saudi EDM

There was a similar 4-day event in December 2021 that attracted over 700,000 partygoers organized by the same organizer that Livewerkz is working with on the October/November event..The information on the December event can be found at <https://edm.com/events/mdlbeast-soundstorm-2021>

The Company has conducted due diligence on Livewerkz< <https://www.livewerkz.com/> >including sighting all the necessary documents and information on its track records and the activities and events it has organized and the various partners< <https://www.id-t.com/> >it has worked and partnered with.

These support the Company's confidence in entering into this space as an Exclusive Ticket Distributor for Livewerkz.

In the reply on 4th Feb to SGX-ST query, the Company has indicated that under 7b, "...the Group has embarked on discussions with other event organizers to find new products for its Event Ticketing Business. The Saudi Dance event demonstrated that the Company is on track to expand its Electronic Dance Music ticketing business.

Event Tickets is a high value and high margin product. As the group has exclusive marketing partnership agreements with the Event organizers, the Company would focus on this segment as it underpins its OTA business and will be the main driver of business and growth going forward.

- (vi) Although the Group had entered into agreements with various investors to raise working capital, the Company was only able to partially draw down on these facilities. We also understand from the Company that despite entering into an agreement with an existing investor, the Company is currently facing difficulties drawing down on the agreed loan; and

The Company was drawing down from the Convertible Facility Agreement though there are some Utilization Requests that are still pending the approval of the investor. The New Investor, Sky Smart Venture Ltd, continues to pay for the Company's operational expenses and expenditure at the SPV level. The New Investor has provided the Company a Commitment Letter (Please refer to attachment file: SS Letter to AT). that it will honour and consider further drawdown submitted by the Company.

- (vii) The Board's confirmation on adequacy of working capital for 12 months after resumption of trading is dependent on it being able to obtain funding from investors. There is no certainty that the Company will be able to do so, as its past fund raising activities did not proceed to completion and Asiatravel is facing difficulties drawing down from a loan extended by an existing investor.

Please refer to the explanation above under 5(v&vi).

6. SGX-ST Delisting Point 9 - Following the completion of the Company's FY2020 audit, EY has resigned as the Company's auditors. To-date, the Company has not appointed new auditors.

The Company has finalised its unaudited account for FY2021 FS and will be finalizing the appointment of an auditor. Please refer to attachment on FS

7. SGX-ST Delisting Point 10 -Having considered the above factors in totality, the Company had failed to demonstrate to SGX RegCo that the Company has a viable business and is able to continue as a going concern to enable trading to resume.

The Company is able to meet the worst case projections. Please refer to above points4&5for further substantiation.

8. SGX-ST Delisting Point 11 - The Company was suspended on 6 July 2018 as it was unable to continue as a going concern. Sufficient time has been provided to the Company to, amongst others, restructure its business and operations, address the going concern issue and prepare a resumption proposal which can address concerns on business viability and going concern matters, to enable trading in its securities to resume.

The uncertainty over the financial viability of the Company has been due mainly to a default of bond payment by its controlling shareholder, a property and tourism real estate developer in China who themselves ran into financial difficulties. This was subsequently exacerbated by the pandemic in 2020 which greatly impacted the travel industry. However with rising rates of vaccination, combined with the easing of travel restrictions, the travel industry is preparing for a rebound in demand following an unprecedented nadir.¹ Many countries including Singapore are working towards full opening for International Travel

The Company appreciates the time given by SGX. The Company was able to effectively use this time to restructure its business and operations and has successfully obtained creditor sanction of its Scheme of Arrangement. It is thereby able carry on as a going concern with profitable FY2021 and will have sustainable growth going forward as explained above.

As both the creditors and Court have been willing to give the Company a chance to exit its financial doldrums, the Company hopes to have SGX's and the Sponsor's indulgence and can adopt a similar view. If it is allowed to retain its listing status, the Company is in good stead to turn around its business and significantly improve its financial position.

¹<https://www.unwto.org/news/tourism-grows-4-in-2021-but-remains-far-below-pre-pandemic-levels>

Yours Faithfully



Boh Tuang Poh
Executive Chairman & CEO
On behalf of the board

Incl Attachments:

1. YuRenMaTou
2. EDM Twilight
3. PPT – EMD 天涯小镇电音产业落地
4. Payment Confirmation Letter from Livewerk
5. USS Tickets Sold in the Yr 2010
6. SS Letter to AT
7. Draft Marketing Partner Agreement between Tripwerkz and THEHance Co. Ltd
8. Draft Marketing Partner Agreement between Tripwerkz and THEHANCE Co.TD -1
9. Marketing Poster for the Saudi EDM in Oct/Nov
10. Financial Statement Q42021