

CLARIFICATION ANNOUNCEMENT IN RESPECT OF THE PROPOSED PLACEMENT

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Asiatravel.com Holdings Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement of the Company dated 27 November 2015 in relation to the Proposed Placement (the “**Announcement**”). Further to the Announcement, the Company wishes to announce a clarification on the use of the Net Proceeds from what was disclosed in the Announcement.

All capitalised terms used in this announcement shall, unless otherwise defined herein, have the meanings ascribed to them in the Announcement.

2. USE OF PROCEEDS AND RATIONALE

The Company disclosed in the Announcement that the entirety of the Net Proceeds will be utilised by the Company for general working capital purposes. The Company wishes to provide further details on the purposes for which the Net Proceeds will be used as follows:

(a) Expansion of Operations in China

As announced by the Company on 14 August 2015 in relation to the Group’s expansion plan into the huge China travel market, the Group had spent substantial resources and management time to set up a China Operation Centre in Beijing, China, which was operational in September 2015. The purpose of the China Operation Centre is to allow the Group to develop a significant China-centric business to capture the growing travel market in China. In furtherance of the Group’s expansion of operations in China, the Group has since:

- (i) relocated its Singapore-based senior management team to lead China operations; and
- (ii) launched a dedicated China-centric platform (at <http://cn.asiatravel.com>) to provide consumers with comprehensive China outbound market and domestic destinations products. In addition as its China destinations products mature it will leverage on the Group S.E Asia and Middle East market and ground operational presence to drive inbound traveller to China.

The Group is also in the process of conducting mass recruitment in China to support its full-scale China operations, and developing aggressive marketing programmes and channel partnerships to target ‘B2C’ (Business to Consumer) and ‘B2B’ (Business to Business) segments of the Chinese travel market.

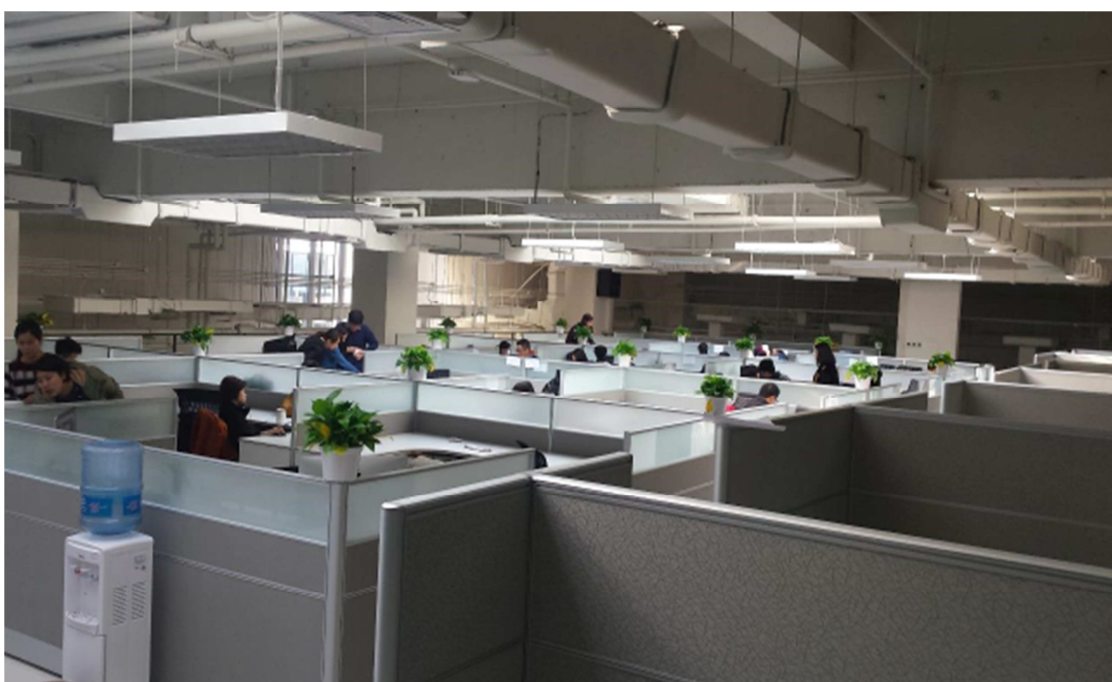
As the Group’s plan to expand its operations in China requires substantial resources and investments, the Net Proceeds raised from the Proposed Placement are central to its fundraising efforts to realise this plan. The Directors further believe that the Proposed Placement indicates strong support of the Group’s plans in China by the Placee’s whom will parent company, ZhongHong Holding Co., Ltd.(“**ZhongHong**”) , whom is also a substantial shareholder of the Company. The Placee’s investment in the Company will deepen and strengthen the strategic and mutually beneficial cooperation between the Company and ZhongHong. The Group can further leverage on ZhongHong vast network and rich tourism resources in various regions of China.

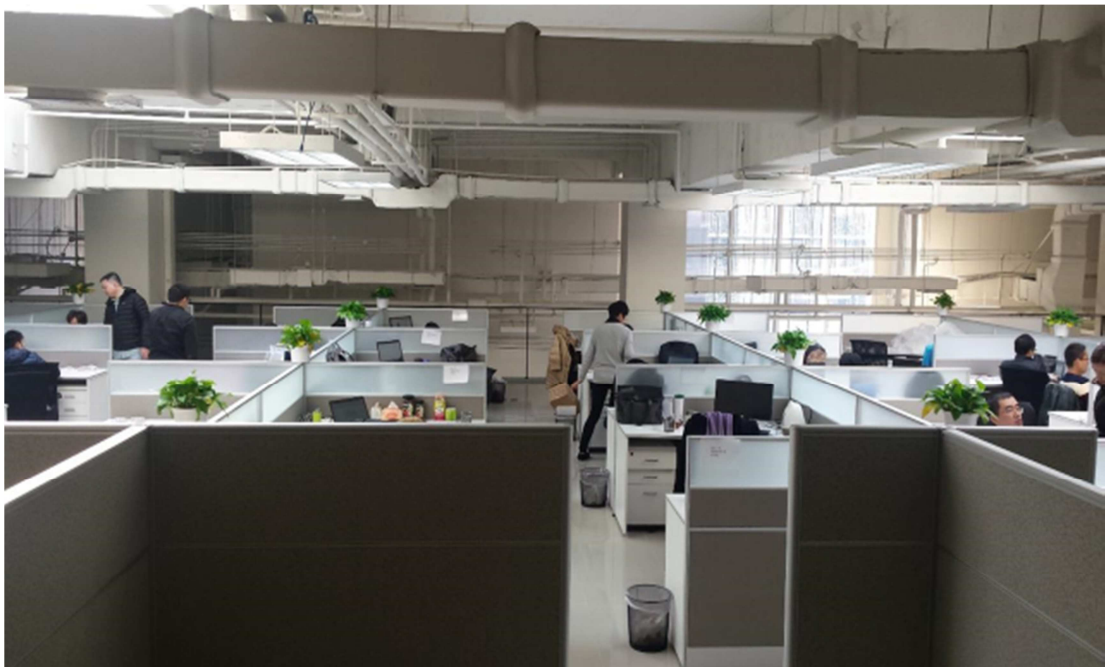
(b) Increase of Advertising & Promotion Expenses

To provide additional support for the Group's expansion plans in China and further boost revenue in all its market segments, the Group will also utilise a substantial portion of the Net Proceeds on advertising and promotion expenses.

The use of the Net Proceeds in general working capital will allow the Group to scale up the Group's revenue in all market segments, and revitalise the Group's business. This is part of the Group's organic growth and turnaround strategy. This will position the Group as a leading China- centric online outbound, domestic and inbound player.

Below are some pictures of the Group's China Operation Centre in Beijing.





BY ORDER OF THE BOARD

Boh Tuang Poh
Executive Director

Singapore, 1 December 2015

*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of 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 document, including the correctness of any of the statements or opinions made or reports contained in this announcement. The details of the contact person for the Sponsor are as follows:*

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