

ASIATRavel.COM HOLDINGS LTD
(Company Registration No.: 199907534E)

**PROPOSED ISSUANCE OF A CONVERTIBLE NOTE WITH A PRINCIPAL AMOUNT OF
S\$10,000,000 TO ZHONGHONG HOLDING CO., LTD.**

1 INTRODUCTION

- 1.1** The board of directors (the “**Directors**”) of Asiatravel.com Holdings Ltd (the “**Company**” or the “**Issuer**”, and together with its subsidiaries, the “**Group**” or the “**Group Companies**”) wishes to announce that the Company has on 16 May 2017 entered into a convertible note subscription agreement (the “**Convertible Note Subscription Agreement**” or the “**Agreement**”) with ZhongHong Holding Co., Ltd. (the “**Subscriber**”), pursuant to which the Company proposes to issue to the Subscriber a convertible note with a principal amount of S\$10,000,000 (the “**Note**”) on the terms and subject to the conditions of the Convertible Note Subscription Agreement (the “**Proposed Convertible Note Issue**”).
- 1.2** The Note is convertible into fully paid-up new ordinary shares of the Company (the “**Issuer’s New Shares**”).
- 1.3** An application will be made through the Company’s Sponsor to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Issuer’s New Shares to be allotted and issued upon conversion of the Note. The Note will not be listed and quoted on Catalist or any other exchange.
- 1.4** No placement agent has been appointed in respect of the Proposed Convertible Note Issue. Therefore, no commission or referral fees will be paid to any party.

2 INFORMATION ON THE SUBSCRIBER AND THE LISTING RULES

2.1 Information on the Subscriber

The Subscriber is a company incorporated in the People’s Republic of China. It is principally involved in the business of real estate and development. The Subscriber is deemed interested in a total of 128,500,000 ordinary shares in the capital of the Company (the “**Shares**”) held by its subsidiary, Zhong Hong New World International Limited, and its nominees, representing 29.69% of the issued share capital of the Company, and is a controlling shareholder of the Company.

The Company believes that there is synergy between the business of the Company and the Subscriber, and that the Subscriber’s investment in the Company will deepen and strengthen the strategic and mutually beneficial cooperation between the Company and the Subscriber.

2.2 Rule 805 and 824 of the Listing Rules

For the Proposed Convertible Note Issue, the Company will be seeking specific approval from shareholders of the Company (the “**Shareholders**”) pursuant to Rules 805(1) and 824 of Section B of the SGX-ST Listing Manual: Rules of Catalist (the “**Listing Rules**”). The Company will not be relying on the share issue mandate obtained from Shareholders at the Annual General Meeting of the Company held on 25 January 2017.

2.3 Rule 812 of the Listing Rules

Pursuant to Rules 812(1)(a) and 812(1)(c) of the Listing Rules, an issue must not be placed to (i) an issuer’s substantial shareholders, or (ii) substantial shareholders, related companies (as

defined in section 6 of the Companies Act, Chapter 50 of Singapore), associated companies and sister companies of the issuer's substantial shareholders, unless specific shareholders' approval for such a placement has been obtained.

As the Subscriber is a controlling Shareholder of the Company, the Proposed Convertible Note Issue and the issue and allotment of the Issuer's New Shares will need to be specifically approved by the Shareholders of the Company. The Company will be seeking Shareholders' approval for the Proposed Convertible Note Issue at an extraordinary general meeting (the "EGM") to be convened pursuant to Rule 812(1) and 812(2) of the Listing Rules.

In accordance with Rule 812(2) of the Listing Rules, the Subscriber and its associates shall abstain from voting on the resolution approving the Proposed Convertible Note Issue and issuance of the Issuer's New Shares. No Director or controlling Shareholder of the Company has any interest, direct or indirect, in the Proposed Convertible Note Issue, save for their respective shareholdings in the Company.

3 THE PROPOSED CONVERTIBLE NOTE ISSUE

3.1 Summary of the Proposed Convertible Note Issue

The Note shall be issued in registered form in the denomination of S\$10,000,000. The Note is convertible into the Issuer's New Shares, which when issued, shall rank *pari passu* in all respects with all other ordinary Shares in the capital of the Company existing then. The issue price of the Note is 100% of the subscription amount. The subscription and conversion of the Note shall be in accordance with the terms of the Convertible Note Subscription Agreement and subject to the terms and conditions of the Note (the "Notes Conditions").

A summary of the key terms of the Convertible Note Subscription Agreement and the Notes Conditions is set out below:

Issuer	: Asiatravel.com Holdings Ltd.
Subscription / Principal amount	: S\$10,000,000.
Issue price	: 100 per cent. of the principal amount of the Note.
Maturity Date	: In respect of the Note, the date falling three (3) years after the date on which the Issuer issues the Note (the "Subscription Date").
Form and denomination	: The Note will be issued in registered form, serially numbered, in the denomination of S\$10,000,000. A note certificate (the "Certificate") will be issued to the holder of the Note (the "Noteholder") in respect of its registered holding of the Note. The Note and the Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Company will procure to be kept by the share registrar of the Company (the "Registrar").
Interest	: The Note will not bear any interest.
Issuer's New Shares	: The maximum number of the Issuer's New Shares to be issued on conversion of the Note is 83,333,333, which is determined by dividing the principal amount of the Note by the Conversion Price (as defined below).
Conversion Price	: S\$0.12, which shall be subject to adjustment in the manner provided in the Notes Conditions.

In accordance with Rule 811 of the Listing Rules, the Conversion Price represents a premium of approximately 66.67% to the weighted average price for trades done on the SGX-ST on 15 May 2017 of S\$0.072, being the full market day preceding the date on which the Convertible Note Subscription Agreement is signed.

Conversion Period : The Note is convertible at the option of the Noteholder, at any time on and after the Subscription Date up to the close of business on the Maturity Date.

Conversion Price adjustments : In accordance with the requirements of Rule 829 of the Listing Rules, the Conversion Price shall be subject to adjustments in the event of, but not limited to, rights issues, bonus issues, capital distributions or the occurrence of certain other dilutive events in relation to the issued share capital of the Company.

Status of the Note : The Note constitutes direct, unconditional and unsubordinated obligations of the Company and the Note is unsecured. The payment obligations of the Company under the Note ranks at least *pari passu* with all other unsecured obligations (other than the subordinated obligations and priorities created by law) of the Company.

Status of the Issuer's New Shares : The Issuer's New Shares issued upon conversion of the Note will in all respects rank *pari passu* with the Shares in issue on the date the Noteholder is registered in the Company's register of members (the "**Registration Date**"). Save as set out in the Notes Conditions, a holder of Issuer's New Shares issued on conversion of the Note shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

Redemption : The Note will not be redeemable.

Transfer : Subject to the Notes Conditions, the Note may be transferred or exchanged by delivery of the Certificate issued in respect of that Note, together with the form of transfer in the form on the back of the Certificate, duly completed and signed under the hand of the holder or his attorney duly authorised in writing (a copy of such authorisation to be attached to the form of transfer), to the specified office of the Registrar of the Company. No transfer of title to the Note will be valid unless and until entered on the register of Noteholders.

Governing Law : Singapore law

3.2 Conditions to the subscription of the Note

Under the Convertible Note Subscription Agreement, the obligation of the Subscriber to subscribe and pay for the Note and the completion of the issue of the Note by the Company are subject to, *inter alia*, the following conditions precedent:

3.2.1 **Listing approval**: the receipt of the listing and quotation notice from the SGX-ST for the listing of the Issuer's New Shares and not having been revoked as of the Subscription Date;

3.2.2 **Shareholder's approval**: specific shareholders' approval as required under the Listing Rules obtained at an extraordinary general meeting of the Issuer in relation to the Proposed Convertible Note Issue; and

3.2.3 **All other approvals:** all other necessary consents (including any governmental, regulatory and/or corporate approvals and consents, for the transactions contemplated under the Proposed Convertible Note Issue, including any shareholders or board, or directors' approval and other regulatory and/or corporate approvals and consents required for the Company, and the Subscriber) having been obtained.

3.3 Exemption from the requirement of prospectus

The offer by the Company to the Subscriber to subscribe for the Note is made in reliance on the exemption under Section 272B of the Securities and Futures Act (Cap. 289) of Singapore. It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore.

3.4 Confirmation from the Company

The Company confirms that:

- 3.4.1 the issue of Issuer's New Shares will not transfer a controlling interest without prior approval of Shareholders in general meeting; and
- 3.4.2 an announcement will be made for any adjustment to the Conversion Price of the Note, if any, pursuant to the Notes Conditions.

4 FINANCIAL EFFECTS OF THE PROPOSED CONVERTIBLE NOTE ISSUE

The following financial effects of the Proposed Convertible Note Issue are strictly for illustration purposes only. Assuming that the Note is fully converted into the Issuer's New Shares, the financial effects of the Conversion on the share capital, net tangible assets, earnings and gearing of the Company or the Group (as the case may be), based on the audited financial statements of the Group for the financial year ended 30 September 2016, and as adjusted for the completion of the completion of the Balance Placement (as announced by the Company on 25 November 2016), are tabulated as follows:-

4.1 Share Capital

	The Company		
	As at 30 September 2016	After the Balance Placement	After Conversion
Share capital (S\$)	59,928,000	69,239,000	79,159,000
Number of issued and paid-up Shares	386,176,886	432,675,286	516,008,619

4.2 Net tangible assets ("NTA")

	The Group		
	As at 30 September 2016	After the Balance Placement	After Conversion
NTA (S\$)	16,608,000	24,516,000	34,436,000
Number of issued and paid-up Shares	386,176,886	432,675,286	516,008,619
NTA per Share (Singapore cents)	4.30	5.67	6.67

4.3 Loss per share (“LPS”)

	The Group		
	As at 30 September 2016	After the Balance Placement	After Conversion
Net loss attributable to owners of the Company (S\$)	(7,947,000)	(7,947,000)	(7,947,000)
Number of issued and paid-up Shares	386,176,886	432,675,286	516,008,619
LPS per Share (Singapore cents)	(2.05)	(1.84)	(1.54)

5 THE PROPOSED CONVERTIBLE NOTE ISSUE AS AN INTERESTED PERSON TRANSACTION

5.1 Interested Person Transaction

The Subscriber is deemed interested in a total of 128,500,000 Shares held by its nominees and its subsidiary, Zhong Hong New World International Limited, which represents 29.69% of the issued share capital of the Company. Accordingly, pursuant to the Listing Rules, the Subscriber is deemed to be a “controlling shareholder” of the Company as it holds more than 15% interest in the share capital of the Company.

As the Subscriber is a controlling shareholder, the Subscriber would be considered an “interested person” within the meaning of Chapter 9 of the Listing Rules vis-à-vis the Company, which is regarded as an “entity at risk” pursuant to Chapter 9 of the Listing Rules. Accordingly, the Proposed Convertible Note Issue constitutes an “interested person transaction” under Chapter 9 of the Listing Rules.

A breakdown of the Shares held by the Subscriber, its associates and nominees as at the date of the announcement is set out in the table below:

Concert Party	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Zhong Hong New World International Limited	88,500,000	20.45	-	-
ZhongHong New World Investment Pte Ltd ⁽²⁾	-	-	88,500,000	20.45
ZhongHong Xinqi Shijie Investment Ltd ⁽³⁾	-	-	88,500,000	20.45
ZhongHong Holding Co., Ltd ⁽⁴⁾	-	-	128,500,000	29.69
ZhongHong Zhuoye Group Ltd ⁽⁵⁾	-	-	128,500,000	29.69
Wang Yonghong ⁽⁶⁾	-	-	128,500,000	29.69
Total			128,500,000	29.69

Notes:

- (1) Based on the existing issued and paid up share capital of the Company of 432,675,286 Shares (excluding treasury shares and subsidiary holdings) as at the date of this announcement.
- (2) Zhong Hong New World International Limited is the direct wholly owned subsidiary of Zhonghong New World Investment Pte. Ltd. Zhonghong New World Investment Pte. Ltd. is deemed interested in the shares held by Zhong Hong New World International Limited.
- (3) Zhong Hong New World International Limited is the indirect wholly owned subsidiary of Zhonghong Xinqi Shijie Investment Ltd. Zhong Hong New World International Limited is deemed interested in the shares held by Zhong Hong New World International Limited.

- (4) Zhonghong Holding Co., Ltd. holds 100% of the issued share capital of Zhonghong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd holds 100% of the issued share capital of Zhonghong New World Investment Pte. Ltd. Zhonghong New World Investment Pte. Ltd. holds 100% of the issued share capital of Zhong Hong New World International Limited. Zhonghong Holding Co., Ltd. is deemed interested in the shares held by Zhong Hong New World International Limited.
- (5) Zhonghong Zhuoye Group Ltd holds 26.55% of the issued share capital of Zhonghong Holding Co., Ltd. Zhonghong Holding Co., Ltd. holds 100% of the issued share capital of Zhonghong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd holds 100% of the issued share capital of Zhonghong New World Investment Pte. Ltd. Zhonghong New World Investment Pte. Ltd. holds 100% of the issued share capital of Zhong Hong New World International Limited. Zhonghong Zhuoye Group Ltd is deemed interested in the shares held by Zhong Hong New World International Limited.
- (6) Wang Yonghong holds 100% of the issued share capital of Zhonghong Zhuoye Group Ltd. Zhonghong Zhuoye Group Ltd holds 26.55% of the issued share capital of Zhonghong Holding Co., Ltd. Zhonghong Holding Co., Ltd. holds 100% of the issued share capital of Zhonghong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd holds 100% of the issued share capital of Zhonghong New World Investment Pte. Ltd. Zhonghong New World Investment Pte. Ltd. holds 100% of the issued share capital of Zhong Hong New World International Limited. Wang Yonghong is deemed interested in the shares held by Zhong Hong New World International Limited.

5.2 NTA

As at 30 September 2016, 5% of the latest audited consolidated NTA of the Group was approximately S\$830,400.

5.3 Shareholder's Approval

The principal amount of S\$10,000,000 for the Note represents approximately 60.2% of the latest audited consolidated NTA of the Group. Accordingly, as the value of the Note represents more than 5% of the latest audited consolidated NTA of the Group, approval of the Shareholders will be required for the Proposed Convertible Note Issue in accordance with Chapter 9 of the Listing Rules.

Pursuant to Rule 919 of the Listing Rules, the Subscriber and its associates, including Zhong Hong New World International Limited, must not vote on the resolution in relation to the Proposed Convertible Note Issue, nor accept appointments as proxies unless specific instruction as to voting are given.

5.4 Total Value of Interested Person Transactions

For the period from the beginning of the current financial year, save for the Proposed Convertible Note Issue, there was no transaction entered into with the Subscriber or any other interested person.

5.5 Independent Financial Adviser

Under Rule 921(4)(a) of the Listing Rules, the circular to shareholders in relation to the Proposed Convertible Note Issue (the "**Circular**") must include an opinion in a separate letter from an independent financial adviser (an "**IFA**") stating whether the transaction is on normal commercial terms and is prejudicial to the interests of the Company and its minority shareholders.

However, the opinion from an IFA is not required for certain transactions under Rule 921(4)(b) of the Listing Rules, such as the issue of shares pursuant to Part IV of Chapter 8 of the Listing Rules (*Issue of Shares, Company Warrants and Convertible Securities for Cash (Other than Rights Issue)*), or the issue of other securities of a class that is already listed, for cash.

Therefore, the Company (through its Sponsor) is currently consulting with the SGX-ST on the applicability of Rule 921(4)(b) to the Proposed Convertible Note Issue. If the Company is required to appoint an IFA, the IFA's opinion will be included in the Circular that is to be despatched to Shareholders in due course.

5.6 Statement of the Audit Committee

The Audit Committee of the Company, comprising Ms. Heng Su-Ling Mae, Mr. Tan Kheng Lee Arnold, Mr. Liu Zuming, and Mr. Guok Chin Huat Samuel, is of the opinion that the Proposed Convertible Note Issue is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

6 RATIONALE OF THE PROPOSED CONVERTIBLE NOTE ISSUE AND USE OF PROCEEDS

6.1 The Company proposes to raise S\$10,000,000 in the form of an issue of an unsecured convertible note to be subscribed for by the Subscriber.

6.2 The rationale for the Proposed Convertible Note Issue is to fund the Company's expansion into the People's Republic of China ("**PRC**"), as well as to provide working capital for the Company's operations in the PRC. The Company intends to use 100% of the Net Proceeds (as defined below) of the Proposed Convertible Note Issue for general working capital of the Issuer and its subsidiaries, including but not limited to increasing the paid-up capital of the subsidiaries incorporated in the People's Republic of China.

6.3 The estimated net proceeds from the Proposed Convertible Note Issue, after deducting estimated fees and expenses of approximately S\$80,000, is approximately S\$9,920,000 ("**Net Proceeds**").

6.4 Pending the deployment of the proceeds of the Proposed Convertible Note Issue, such proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Company in its absolute discretion may deem fit from time to time.

6.5 The Company will make periodic announcements on the use of the Net Proceeds as and when they are materially disbursed, and provide a status report on the use of the Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company shall announce the reasons for such deviation when such funds are materially disbursed.

6.6 The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

7 THE SINGAPORE CODE ON TAKE-OVER AND MERGERS

7.1 Assuming there are no further changes in the issued share capital of the Company between the date of this announcement and the conversion of the Note, upon conversion of the Note, the shareholding of the Subscriber will increase from 128,500,000 Shares, representing 29.96% of the issued share capital of the Company, to 211,833,333 Shares, representing 41.05% of the issued share capital of the Company.

7.2 As such, the conversion of the Note may result in an obligation on the part of the Subscriber and parties acting in concert with it to make a mandatory offer under Rule 14 of the Singapore Code on Take-over and Mergers for all the Shares not owned, controlled or agreed to be acquired by the Subscriber and parties acting in concert with it.

8 ADDITIONAL LISTING APPLICATION TO THE SGX-ST

An application will be made to the SGX-ST via the Sponsor in due course for the listing and quotation of the Issuer's New Shares to be issued upon conversion of the Note from time to time within the Conversion Period. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Issuer's New Shares has been obtained from the SGX-ST.

9 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr. Liu Zuming, a Director of the Company, is also a director and the Chief Financial Officer of the Subscriber. Mr. Liu Zuming does not hold any material interests, direct or indirect, in the Subscriber. Save as disclosed, none of the Directors or controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Convertible Note Issue, other than their respective interests in the Shares. Save as disclosed, none of the Directors or controlling Shareholders of the Company or their respective associates has any connection (including business relationships) with the Subscriber.

10 DOCUMENT AVAILABLE FOR INSPECTION

Copies of the Convertible Note Subscription Agreement are available for inspection at the registered office of the Company at 615 Lorong 4 Toa Payoh, #01-01 Storhub, Singapore 319516 during normal business hours.

11 TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Convertible Note Issue is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Convertible Note Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

12 RESPONSIBILITY STATEMENT

The Directors of the Company (including any Director who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Convertible Note Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

Boh Tuang Poh
Executive Chairman and Chief Executive Officer

16 May 2017

*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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