

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

PROPOSED SUBSCRIPTION OF 40,000,000 NEW ORDINARY SHARES BY ZHONGHONG HOLDING CO., LTD

1. Introduction

The board of directors ("**Board**") of the Company (the Company, together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 22 October 2014 entered into a share subscription agreement ("**Subscription Agreement**") with ZhongHong Holding Co., Ltd (中弘控股股份有限公司) ("**Subscriber**"), pursuant to which the Company has agreed to allot and issue an aggregate of 40,000,000 new ordinary shares in the capital of the Company ("**Shares**") ("**Subscription Shares**") to the Subscriber, and the Subscriber has agreed to subscribe for the Subscription Shares, at the issue price of S\$0.25 per Subscription Share ("**Issue Price**"), for an aggregate amount of S\$10,000,000 ("**Subscription Consideration**"). The Issue Price represents a discount of approximately 7.54% to the volume weighted average price of S\$0.2704 for trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 21 October 2014¹, being the preceding market day up to which the Subscription Agreement was signed ("**Proposed Subscription**").

The Subscription Shares, when allotted and issued, will rank in all respects *pari passu* with the existing issued Shares and be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto save that they will not rank for any dividend, rights, allotments or other distributions, the Record Date (as defined below) of which falls on or before the completion of the Proposed Subscription. "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

The offer of the Subscription Shares is made pursuant to the exemption under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Subscription.

2. Salient Terms of the Subscription Agreement

Conditions Precedent

The completion of the Proposed Subscription is conditional upon, *inter alia*:

- (a) the approval of the Company's sponsor, and the listing and quotation notice in respect of the Subscription Shares on the Catalist of the SGX-ST ("**SGX Approval**") having been obtained and not being revoked or amended;
- (b) any conditions attached to the SGX Approval which is required to be fulfilled on or before the completion date of the Proposed Subscription ("**Completion Date**"), and

¹ There were no trades on 22 October 2014 as it was a public holiday.

which have been accepted by the Subscriber and the Company, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST;

- (c) only if so required, the approval by the shareholders of the Company for the Proposed Subscription and such approval not being revoked or amended;
- (d) only if so required, the approval by the shareholders of the Subscriber for the Proposed Subscription and such approval not being revoked or amended;
- (e) the Subscriber obtaining the necessary corporate approval to subscribe for the Subscription Shares at the Subscription Consideration;
- (f) the Proposed Subscription not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Subscriber;
- (g) there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the representations and warranties contained in the Subscription Agreement as if they were repeated on and as of the Completion Date; and
- (h) the Company or Subscriber not in breach of any of the undertakings and covenants given in the Share Subscription Agreement as at the Completion Date, and if any of such undertakings and covenants are required to be fulfilled on or before the Completion Date, such undertakings and covenants shall have been fulfilled prior to Completion Date.

In respect of the conditions precedent set out in paragraph 2(a) above, the Company will be submitting an application, through its Sponsor, RHT Capital Pte. Ltd., to the SGX-ST for the SGX Approval. The Company will make the necessary announcement once the SGX Approval has been obtained from the SGX-ST.

3. Details of the Subscriber

The Subscriber is a company incorporated in the People's Republic of China ("**PRC**") and listed on the Shenzhen Stock Exchange. The Subscriber is principally involved in the business of marketing, sales & development of commercial properties, particularly in tourism related real estate such as theme parks. Actively promoting the philosophy of "fun and pleasure to makes life more interesting" in its products with a mission statement of "towards excellence", the Subscriber has to-date developed more than a million-square-meter area of properties in the PRC. Prominent projects completed in Beijing including:

- a) An international business park known as the Windows to China's Economy which is one of 60 major projects in Beijing;
- b) WangJing commercial street Mall is Beijing's first large-scale street mall in Beijing WangJing business district; and
- c) The Subscriber is in the fore-front in setting the trend for innovative designs for Beijing's East Central Business District's office building - Xiangsu.

The Subscriber's development direction is to focus on developing various integrated resorts, which is specially designed to combine tourism, conferencing, exhibition and leisure

entertainment in each of the resort which will be known as "Novelty World". With a "1+X" strategy, the Subscriber will develop "Novelty World" in large cities like Beijing and in breathtaking regional sites in Hainan, Yunnan, Jilin, Zhejiang, and Shandong.

In the next 5 years, leveraging on the listing platform, the Subscriber aims to be a dominant brand in developing and operating tourism related property products in the PRC.

The Subscriber was introduced by the Company's appointed introducer, Aries Capital Ltd, an advisory firm based in Hong Kong. The commission payable to the introducer for introduction of the Subscriber is approximately S\$350,000, being 3.5% of the aggregate proceeds of the Proposed Subscription.

4. Use of Proceeds and Rationale

Based on the Issue Price, the estimated amount of proceeds from the Proposed Subscription, net of the estimated expenses of approximately S\$370,000, is approximately S\$9,630,000 ("**Net Proceeds**").

The Company intends to utilise the whole of the Net Proceeds for general working capital purposes.

The Company will make periodic announcement(s) as to the use of the proceeds from the Proposed Subscription as and when such proceeds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the proceeds raised from the Proposed Subscription in the Company's interim and full-year financial statements issued under Rule 705 of the Listing Manual (Section B: Rules of Catalyst) of the SGX-ST ("**Catalist Rules**") and the Company's annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the proceeds from the Proposed Subscription, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the directors of the Board ("**Director(s)**") may deem fit, from time to time.

The Company believes that there is synergy between the business of the Company and the Subscriber, and that as a strategic shareholder, the Subscriber's investment in the Company will encourage a strategic and mutually beneficial cooperation between the Company and the Subscriber.

5. General Mandate for the issue of the Subscription Shares

The Subscription Shares will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 28 January 2014 for the Directors of the Company to allot and issue Shares, whereby the aggregate number of Shares to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares) as at 28 January 2014 ("**General Mandate**") in the case where Shares are issued other than on a pro rata basis to existing shareholders. The total number of issued Shares (excluding 10,646,000 treasury Shares) as at the date of the General Mandate was passed was 282,756,792 Shares. No Shares had previously been

issued pursuant to the General Mandate, and the proposed allotment and issuance of the Subscription Shares is within the limit of the General Mandate.

The Subscription Shares, when allotted and issued in full, will represent approximately 12.9% of the Company's existing and paid-up capital of 310,577,036 Shares (excluding 10,646,000 treasury shares) as at the date of this announcement, and approximately 11.4% of the enlarged issued and paid-up share capital of 350,577,036 Shares (excluding 10,646,000 treasury shares) upon completion of the Proposed Subscription (assuming that no further Shares are issued on or prior to the completion of the Proposed Subscription).

6. Financial Effects

As at the date of this announcement, the issued and paid up capital of the Company (excluding treasury shares) is S\$43,441,143 divided into 310,577,036 Shares (excluding 10,646,000 treasury shares). When allotted and issued in full, the Proposed Subscription will increase the existing issued and paid-up share capital of the Company by approximately S\$10,000,000, to S\$53,441,143, divided into 350,577,036 Shares (excluding treasury shares).

The financial effects of the Proposed Subscription on the Group are prepared based on the audited accounts of the Group for the financial year ended 30 September 2013. For the purpose of computing the losses per Share ("**LPS**") of the Group after the Proposed Subscription, it is assumed that the Proposed Subscription was completed on 1 October 2013. For the purpose of computing net asset value ("**NAV**") per Share of the Group after the Proposed Subscription, it is assumed that the Proposed Subscription was completed on 30 September 2013. The LPS and the NAV per Share of the Group based on the audited accounts of the Group for the financial year ended 30 September 2013 shall be as follows:

	Before the Proposed Subscription	After the Proposed Subscription
FY2013 Loss net of tax (S\$'000)	5,743	5,743
LPS (S\$)	0.0237	0.0203
Number of Shares for calculating LPS	242,756,792	282,756,792
NAV as at 30 September 2013 (S\$'000)	19,415	19,415
NAV per Share (S\$)	0.0800	0.0687
Number of Shares at the end of FY2013 for calculating NAV per Share	242,756,792	282,756,792

It should be noted that the abovementioned financial effects have been calculated for illustrative purposes only and does not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Proposed Subscription.

7. Directors' Opinion

The Directors are of the opinion that, after taking into consideration:

- (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements and
- (b) the present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

8. General

None of the Subscription Shares will be placed with any person or groups of persons as set out under Rule 812(1) of the Catalist Rules. Pursuant to the Subscription Agreement, the Subscriber has represented that he/she does not fall within the class of restricted persons to whom placements must not be made by the Company pursuant to Rule 812(1) of the Catalist Rules.

None of the Directors of the Company have any interest, direct or indirect in the Proposed Subscription. The Directors are not aware of any substantial shareholder of the Company having any interest, direct or indirect, in the Proposed Subscription and has not received any notification of any interest in this transaction from any substantial shareholder of the Company.

None of the Directors have, and the Directors, to the best of their knowledge, are not aware of any substantial shareholder of the Company having, any connection (including business relationship) with the Subscriber, its directors and/or substantial shareholders.

In addition, the Proposed Subscription would not result in any transfer of controlling interest in the Company.

9. Trading Caution

Shareholders are advised to exercise caution in trading their Shares. The Proposed Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Subscription 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 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.

10. Directors' Responsibility Statement

The Directors 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 Subscription, 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 Director

Singapore, 23 October 2014

*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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