

CIRCULAR DATED 3 MARCH 2016

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.  
PLEASE READ IT CAREFULLY**

This Circular is issued by Asiatravel.com Holdings Ltd (the "**Company**"). If you are in doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should at once hand this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("the **Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**Exchange**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Circular including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this Circular. This Circular has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Circular including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Ms Amanda Chen, Registered Professional, at Six Battery Road, #10-01 Singapore 049909, Tel: (65) 6381 6757.

**Asiatravel.com**



**Asiatravel.com Holdings Ltd**

(Company Registration No. 199907534E)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS**

IN RELATION TO

- (1) **THE PROPOSED ALLOTMENT AND ISSUE OF 500,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "PLACEMENT SHARES") TO ZHONG HONG NEW WORLD INTERNATIONAL LIMITED (THE "PLACEE") AT THE PLACEMENT PRICE OF S\$0.20 PER SHARE (THE "PROPOSED PLACEMENT");**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF 400,000,000 NON-LISTED, NON-TRANSFERABLE WARRANTS CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) SHARE EACH IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE OF S\$0.24 PER SHARE, AND 100,000,000 NON-LISTED, NON-TRANSFERABLE WARRANTS CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) SHARE EACH IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE OF S\$0.30 PER SHARE (THE "PROPOSED WARRANTS ISSUE"); AND**
- (3) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHT TO RECEIVE A GENERAL OFFER FROM THE PLACEE AND PARTIES ACTING IN CONCERT WITH IT FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE ALLOTMENT AND ISSUE OF THE PLACEMENT SHARES (AS DEFINED HEREIN) (THE "PROPOSED WHITEWASH RESOLUTION").**

Independent Financial Adviser in connection with the Proposed Whitewash Resolution



**PROVENANCE CAPITAL PTE. LTD.**

(Company Registration Number: 200309056E)  
(Incorporated in the Republic of Singapore)

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	16 March 2016 at 10:00 a.m.
Date and time of Extraordinary General Meeting	:	18 March 2016 at 10:00 a.m.
Place of Extraordinary General Meeting	:	743 Lorong 5 Toa Payoh, Level 2, Singapore 319457

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## DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:-

- “2013 Deed Poll”** : The deed poll executed by the Company on 27 December 2012 constituting the 2013 Warrants
- “2013 Warrantholder”** : Registered holders of the 2013 Warrants, except that where the registered holder is CDP, the term **“2013 Warrantholders”** shall, in relation to such 2013 Warrants, and where the context so admits, mean the Depositors whose Securities Accounts with CDP are credited with such 2013 Warrants
- “2013 Warrants”** : The warrants in registered form allotted and issued by the Company pursuant to the 2013 Warrants Issue and (where the context admits) such additional warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the warrants set out in the 2013 Deed Poll (such additional warrants to rank *pari passu* with the warrants issued pursuant to the 2013 Warrants Issue and for all purposes to form part of the same series of warrants constituted by the 2013 Deed Poll), each warrant entitling the holder thereof to subscribe for one (1) Share at the initial exercise price of S\$0.245 or S\$0.273 (as the case may be), subject to the terms and conditions of the warrants set out in the 2013 Deed Poll
- “2013 Warrants Issue”** : The bonus issue by the Company of 59,731,708 2013 Warrants, which was undertaken by the Company in its FY 2013
- “Act”** : The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
- “Articles”** : The Articles of Association of the Company, as may be amended from time to time
- “Auditors”** : The auditors of the Company for the time being
- “Board”** : The board of Directors of the Company
- “Business Day”** : A day (other than Saturday and Sunday) on which banks are open for business in Singapore
- “Catalist”** : The Catalist Board of the SGX-ST
- “Catalist Rules”** : Section B: Rules of Catalist of the Listing Manual of the SGX-ST or the rules contained therein, which apply to entities listed on the Catalist, as may be amended, varied or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 3 March 2016
- “Code”** : The Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time
- “Company”** : Asiatravel.com Holdings Ltd
- “Completion”** : The completion of the Proposed Placement and the Proposed Warrants Issue pursuant to the Placement Agreement
- “Completion Date”** : The date on which Completion occurs
- “Controlling Shareholder”** : A person who:
- a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or
  - b) in fact exercises control over the Company

<b>“Director”</b>	: A person holding office as a director for the time being of the Company
<b>“EGM”</b>	: The extraordinary general meeting of the Company to be held on 18 March 2016 at 10:00 a.m. at 743 Lorong 5 Toa Payoh, Level 2, Singapore 319457, notice of which is set out on pages N-1 to N-2 of this Circular
<b>“Enlarged Share Capital”</b>	: The enlarged issued and paid-up share capital of 850,588,286 Shares (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding 2013 Warrants) immediately after the Completion, comprising the Existing Share Capital and the Placement Shares
<b>“Exercise Period”</b>	: The period during which the Warrants may be exercised, commencing from the date of their issue until 5:00 p.m. in Singapore on the Expiration Date unless such date is a date on which the Register of Members is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members or the immediately preceding Market Day, as the case may be
<b>“Exercise Price”</b>	: The exercise price of the Warrants, which in the case of the Tranche 1 Warrants shall be S\$0.24, and in the case of the Tranche 2 Warrants shall be S\$0.30, subject to adjustment(s) in accordance with the terms and conditions of the Warrants as set out in the Placement Agreement
<b>“Existing Share Capital”</b>	: The existing share capital of the Company as at the Latest Practicable Date comprising 350,588,286 Shares (excluding 10,646,000 treasury shares and Shares that may be issued upon the exercise of all the outstanding 2013 Warrants)
<b>“Expiration Date”</b>	: The Market Day immediately preceding the third (3rd) anniversary of the date of issue of the Warrants
<b>“FY”</b>	: Financial year ended or ending 30 September
<b>“Group”</b>	: The Company and its Subsidiaries
<b>“IFA”</b>	: Provenance Capital Pte. Ltd., being the independent financial adviser in connection with the Proposed Whitewash Resolution
<b>“IFA Letter”</b>	: The letter from the IFA to the Independent Directors dated 3 March 2016, as set out in Appendix A to this Circular
<b>“Immediate Family”</b>	: Immediate family in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
<b>“Independent Directors”</b>	: The Directors who are deemed to be independent in respect of the Proposed Whitewash Resolution
<b>“Independent Shareholders”</b>	: The Shareholders who are not associated with or connected to and are independent of the Placee and its concert parties, for the purpose of the Proposed Whitewash Resolution
<b>“Latest Practicable Date”</b>	: 26 February 2016, being the latest practicable date prior to the printing of this Circular
<b>“Market Day”</b>	: A day on which the SGX-ST is open for trading in securities
<b>“Placee”</b>	: Zhong Hong New World International Limited
<b>“Placement Agreement”</b>	: The conditional share & warrant placement agreement entered into on 26 November 2015 between the Company and the Placee
<b>“Placement Price”</b>	: The price for each Placement Share of S\$0.20
<b>“Placement Shares”</b>	: The 500,000,000 new Shares to be allotted and issued by the Company to the Placee pursuant to the Placement Agreement
<b>“Proposed Placement”</b>	: The proposed allotment and issue of the 500,000,000 Placement Shares to the Placee pursuant to the Placement Agreement
<b>“Proposed Warrants Issue”</b>	: The proposed allotment and issue of the 500,000,000 Warrants to the Placee pursuant to the Placement Agreement
<b>“Proposed Whitewash Resolution”</b>	: The proposed whitewash resolution for the waiver by Independent Shareholders of their right to receive a general offer under Rule 14 of the Code from the Placee and parties acting in concert with it for all the Shares not already owned or controlled by them as a result of the allotment and issue of the Placement Shares

<b>“Register of Members”</b>	: The principal register of members (duly registered holders of Shares)
<b>“SFA”</b>	: The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“Shares”</b>	: Ordinary shares in the capital of the Company
<b>“Shareholders”</b>	: Registered holders of Shares, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
<b>“SIC”</b>	: Securities Industry Council
<b>“Sponsor”</b>	: RHT Capital Pte. Ltd.
<b>“Subsequent Enlarged Share Capital”</b>	: The enlarged issued and paid-up share capital of 1,350,588,286 Shares (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding 2013 Warrants) immediately after the Completion and the full exercise of Warrants into Warrant Shares, comprising the Existing Share Capital, the Placement Shares and the Warrant Shares
<b>“Substantial Shareholder”</b>	: A shareholder who has an interest in five per cent. (5%) or more of the total issued share capital of the Company
<b>“Take-over Code”</b>	: Singapore Code on Takeovers and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended
<b>“Tranche 1 Warrants”</b>	: The 400,000,000 non-listed, non-transferable warrants in registered form, each of which carries the right for the Placee to subscribe for one (1) Warrant Share at the initial Exercise Price of S\$0.24 within the Exercise Period
<b>“Tranche 2 Warrants”</b>	: The 100,000,000 non-listed, non-transferable warrants in registered form, each of which carries the right for the Placee to subscribe for one (1) Warrant Share at the initial Exercise Price of S\$0.30 within the Exercise Period
<b>“Treasury Shares”</b>	: Issued Shares of the Company which was (or is treated as having been) purchased by the Company in circumstances which Section 76H of the Act applies and has since purchase been continuously held by the Company
<b>“Warrants”</b>	: The Tranche 1 Warrants and the Tranche 2 Warrants, and (where the context admits) such additional warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants as set out in the Placement Agreement (any such additional warrants to rank <i>pari passu</i> with the Tranche 1 Warrants and Tranche 2 Warrants pursuant to the Placement Agreement and for all purposes to form part of the same series of Warrants constituted by the Placement Agreement)
<b>“Warrants Shares”</b>	: Up to 500,000,000 new Shares to be allotted and issued by the Company upon the exercise of the Warrants, subject to and in accordance with the terms and conditions of the Warrants as set out in the Placement Agreement
<b>“ZhongHong”</b>	: ZhongHong Holding Co., Ltd., a Substantial Shareholder of the Company holding 40,000,000 Shares as of the Latest Practicable Date
<b>“\$” or “S\$” and “cents”</b>	: Singapore dollar and cents respectively
<b>“%” or “per cent.”</b>	: Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**Subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Catalist Rules or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Act, the Catalist Rules or any modification thereof, as the case may be.

All timings referred to in this Circular is made by reference to Singapore time.

References to “**paragraph**” or “**Appendix**” are to the paragraphs or appendices of this Circular, unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

# LETTER TO SHAREHOLDERS

## Asiatravel.com Holdings Ltd

(Company Registration No. 199907534E)  
(Incorporated in the Republic of Singapore)

### Board of Directors:

Boh Tuang Poh (Executive Chairman and Chief Executive Officer)  
Sheng Faqiang (Non-Executive Director)  
Heng Su-Ling Mae (Lead Independent Director)  
Tan Kheng Lee Arnold (Independent Director)

### Registered Office:

615 Lorong 4 Toa Payoh  
#01-01 Storhub  
Singapore 319516

3 March 2016

### To: The Shareholders of Asiatravel.com Holdings Ltd

Dear Sir/Madam

- (1) **THE PROPOSED ALLOTMENT AND ISSUE OF 500,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "PLACEMENT SHARES") TO ZHONG HONG NEW WORLD INTERNATIONAL LIMITED (THE "PLACEE") AT THE PLACEMENT PRICE OF S\$0.20 PER SHARE (THE "PROPOSED PLACEMENT");**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF 400,000,000 NON-LISTED, NON- TRANSFERABLE WARRANTS CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) SHARE EACH IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE OF S\$0.24 PER SHARE, AND 100,000,000 NON-LISTED, NON-TRANSFERABLE WARRANTS CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) SHARE EACH IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE OF S\$0.30 PER SHARE (THE "PROPOSED WARRANTS ISSUE"); AND**
- (3) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHT TO RECEIVE A GENERAL OFFER FROM THE PLACEE AND PARTIES ACTING IN CONCERT WITH IT FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE ALLOTMENT AND ISSUE OF THE PLACEMENT SHARES (THE "PROPOSED WHITEWASH RESOLUTION").**

## 1. INTRODUCTION

### 1.1 Proposed Placement and Proposed Warrants Issue

On 27 November 2015, the Company announced that it had entered into the Placement Agreement, pursuant to which the Company agreed to allot and issue to the Placee (a) the Placement Shares at the Placement Price, and (b) the Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at its respective Exercise Price.

### 1.2 Transfer of Controlling Interest

Upon Completion, the Placee will become the Controlling Shareholder of the Company.

### 1.3 Shareholders' Approval

The approval of Shareholders is required for:

- 1.3.1** the Proposed Placement, the Proposed Warrants Issue and the allotment and issue of Warrant Shares to the Placee upon exercise of the Warrants, in accordance with Rules 803, 805, 811, 812, and 824 of the Catalist Rules; and

**1.3.2** the waiver by Independent Shareholders of their right to receive a general offer by the Placee and/or parties acting in concert with the Placee in accordance with Rule 14 of the Code, as a result of the allotment and issue of the Placement Shares to the Placee.

#### **1.4 Advice of the IFA**

The Independent Directors have appointed the IFA to advise them in respect of their recommendations to the Independent Shareholders in relation to the Proposed Whitewash Resolution, and whether the Proposed Whitewash resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Proposed Placement and Proposed Warrants Issue. The IFA Letter is set out in Appendix A to this Circular and the advice of the IFA is set out in paragraph 6.7 of this Circular.

#### **1.5 SGX-ST**

An application was made by the Sponsor to the SGX-ST, for and on behalf of the Company, for the listing of and the quotation for the Placement Shares and the Warrant Shares. The Company had on 22 February 2016 received a listing and quotation notice from the SGX-ST for the listing of and quotation for the Placement Shares and the Warrant Shares on the Catalist (the "Placement LQN"), subject to certain conditions as set out in paragraph 2.7 of this Circular. The Placement LQN is not to be taken as an indication of the merits of the Proposed Placement, Placement Shares, Tranche 1 Warrants, Tranche 2 Warrants, the Company, its Subsidiaries and their securities. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

#### **1.6 Circular**

The purpose of this Circular is to provide Shareholders with information relating to the resolutions relating to the Proposed Placement, the Proposed Warrants Issue and the Proposed Whitewash Resolution to be tabled at the EGM to be held on 18 March 2016, notice of which is set out on pages N-1 to N-2 of this Circular.

### **2. PROPOSED PLACEMENT AND PROPOSED WARRANTS ISSUE**

#### **2.1 Proposed Placement and Proposed Warrants Issue**

On 27 November 2015, the Company announced that it had entered into the Placement Agreement, pursuant to which, *inter alia*, the Company agreed to allot and issue to the Placee (a) the 500,000,000 Placement Shares at the Placement Price, and (b) the 400,000,000 Tranche 1 Warrants and the 100,000,000 Tranche 2 Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at its respective Exercise Price.

#### **2.2 Warrants**

The issue of the Warrants to the Placee is subject to and in accordance with the following terms:

**Number of Warrants** : 400,000,000 Tranche 1 Warrants, and 100,000,000 Tranche 2 Warrants.

**Exercise price** : The exercise price of the Warrants, which in the case of the Tranche 1 Warrants shall be S\$0.24, and in the case of the Tranche 2 Warrants shall be S\$0.30, subject to adjustment(s) in accordance with the terms and conditions of the Warrants as set out in the Placement Agreement.

**Exercise Period** : The Warrants may be exercised at any time during the Exercise Period, being the three-year period commencing on and including the date of issue of the Warrants, and expiring at 5:00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, as set out in the Placement Agreement, unless such date is a date on which the Register of Members is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members or the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the register of holders of warrants issued by the Company may be closed).

At the expiry of the Exercise Period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose. The expiry of the Warrants will be announced through an SGXNET announcement to be posted on the internet at the SGX-ST's website <http://www.sgx.com> and the notice of expiry will be sent to the Placee at least one (1) month before the Expiration Date.

**Subscription rights** : Each Warrant shall entitle the Placee, at any time during the Exercise Period, to subscribe for one (1) Warrant Share at its respective Exercise Price.



- Status of Warrant Share** : The Warrant Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of allotment and issue of the Warrant Shares.
- Transfer** : The Warrants are non-transferable.
- Adjustments** : The Exercise Price and the number of Warrants are subject to adjustment in the event of, *inter alia*, rights, bonus or other capitalisation issues as provided for in the Placement Agreement. Any such adjustments shall (unless otherwise provided under the Listing Manual from time to time) be announced by the Company.
- Any additional warrants which may be issued by the Company pursuant to such adjustment shall rank *pari passu* with the Warrants and will, for all purposes, form part of the series of Warrants constituted by the Placement Agreement, and shall be issued subject to and with the benefit of the Placement Agreement and on such terms and conditions as the Directors may from time to time think fit, including but not limited to, the terms and conditions of the Warrants set out in the Placement Agreement. The terms and conditions of the Warrants do not specifically provide for the extension of the Exercise Period and the issue of new Warrants to replace the existing Warrants.
- Alterations** : Any material alteration to the terms of the Warrants to the advantage of the Placee shall be approved by the Shareholders in a general meeting, except where the alterations are made pursuant to the terms and conditions set out in the Placement Agreement.
- Winding-up** : If the Company is wound-up for any reason other than a members' voluntary winding-up, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

### 2.3 Placement Price

The Placement Price represents a discount of approximately 15.2% to the volume weighted average price of S\$0.2358 for trades done on the SGX-ST for the full Market Day on 25 November 2015 (being the last full Market Day on which the Shares were traded prior to the day on which the Placement Agreement was signed). Accordingly, the Directors propose to seek Shareholders' approval for the Proposed Placement of the Placement Shares to the Placee at the Placement Price pursuant to Rule 811(3) of the Catalist Rules.

The Placement Price was agreed upon based on arm's length negotiations between the Placee and the Company and was based on commercial considerations made by the Company.

### 2.4 Exercise Price

The Exercise Price of S\$0.24 for the Tranche 1 Warrants represents a premium of approximately 1.78% to the volume weighted average price of S\$0.2358 for trades done on the SGX-ST for the full Market Day on 25 November 2015 (being the last full Market Day on which the Shares were traded prior to the day on which the Placement Agreement was signed). The Exercise Price of S\$0.30 for the Tranche 2 Warrants represents a premium of approximately 27.22% to the volume weighted average price of S\$0.2358 for trades done on the SGX-ST for the full Market Day on 25 November 2015 (being the last full Market Day on which the Shares were traded prior to the day on which the Placement Agreement was signed).

The Exercise Price for each of the Tranche 1 Warrants and the Tranche 2 Warrants was agreed upon based on arm's length negotiations between the Placee and the Company and was based on commercial considerations made by the Company.

### 2.5 Ranking

The Placement Shares and the Warrant Shares will be issued free from all encumbrances and will rank *pari passu* in all respects with and carry all rights similar to the existing issued Shares of the Company, except that they will not rank for any dividends, rights, allotments or other distributions, accruing on a record date for determining such entitlements, which shall be the date which falls on or before the date of issue of the Placement Shares and the Warrant Shares (as the case may be).

## 2.6 Conditions Precedent

Completion is conditional on the following:

- 2.6.1 the approval of the Sponsor, and the listing and quotation notice in respect of the Placement Shares and Warrant Shares on the Catalist of the SGX-ST ("**SGX Approval**") having been obtained (on terms and conditions acceptable to the Company and the Placee, each acting reasonably) and not being revoked or amended;
- 2.6.2 the specific approval from Shareholders (the "**Shareholders' Approval**") for the Proposed Placement and Proposed Warrants Issue, as required under the Catalist Rules, and the Proposed Whitewash Resolution having been obtained (each on terms and conditions acceptable to the Company and the Placee, each acting reasonably) and not being revoked or amended;
- 2.6.3 the waiver granted by the SIC of the requirement for the Placee and its concert parties to make a general offer for the Shares under Rule 14 of the Code should their aggregate voting rights in the Company increase to 30% or more based on the enlarged issued capital of the Company as a result of the completion of the Proposed Placement and the exercise of the Warrants, and all obligations contemplated pursuant and/or in connection with the same (the "**Whitewash Waiver**") having been obtained (on terms and conditions acceptable to the Company and the Placee, each acting reasonably) and not being revoked or amended;
- 2.6.4 any conditions attached to the approval of the Sponsor, the SGX Approval or the Whitewash Waiver which is required to be fulfilled on or before the Completion Date, having been fulfilled on or before that date to the satisfaction of the SGX-ST or the SIC (as the case may be) unless waived by the SGX-ST or the SIC (as the case may be);
- 2.6.5 the Placee obtaining the necessary corporate approval and approval from all relevant authorities in the People's Republic of China ("**PRC**") to subscribe for the Placement Shares at the Placement Consideration in accordance with the terms of the Placement Agreement;
- 2.6.6 the Proposed Placement and the Proposed Warrants Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Placee (including but not limited to the SGX-ST and the SIC);
- 2.6.7 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 by the Company and the Placee as if they were repeated on and as of the Completion Date; and
- 2.6.8 the Company or the Placee not in breach of any of the undertakings and covenants given in the Placement 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 the Completion Date.

If any of the conditions precedent set out above is not satisfied on or before the Long Stop Date of 31 March 2016 (or such other date as the Company and the Placee may agree in writing), the Company or the Placee shall be entitled to terminate, by way of thirty (30) days' written notice to the other party, the Placement Agreement.

## 2.7 SGX-ST Conditions

On 22 February 2016, the Company received the Placement LQN, subject to, *inter alia*, the following conditions:

- 2.7.1 Compliance with the SGX-ST's listing requirements; and
- 2.7.2 Shareholders' approval for the Proposed Placement at the EGM.

The Placement LQN is not to be taken as an indication of the merits of the Proposed Placement, Placement Shares, Tranche 1 Warrants, Tranche 2 Warrants, the Company, its Subsidiaries and their securities. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

## 2.8 Nominee Directors

Under the terms of the Placement Agreement, subject to completion of the Proposed Placement, the Placee shall be entitled to nominate such number of individuals equivalent to form the majority of the enlarged Board.

## 2.9 Transfer of Controlling Interest

As at the Latest Practicable Date, the Placee's ultimate parent company, ZhongHong, is a Substantial Shareholder of the Company holding Shares representing approximately 11.4% of the Existing Share Capital. As at the Latest Practicable Date, the Placee does not hold any Shares.

The Placement Shares, when allotted and issued in full, will represent approximately 142.6% of the Company's Existing Share Capital, and approximately 58.8% of the Enlarged Share Capital upon completion of the Proposed Placement (assuming that no further Shares are issued on or prior to the completion of the Proposed Placement).

The Warrant Shares, when allotted and issued in full, will represent approximately 142.6% of the Company's Existing Share Capital, and approximately 37.0% of the Enlarged Share Capital after completion of the Proposed Placement and the full exercise of the Warrants into Warrant Shares (assuming that no further Shares are issued on or prior to the completion of the Proposed Placement and the full exercise of Warrants into Warrant Shares).

The Placement Shares and Warrant Shares, when allotted and issued in full, will represent approximately 285.2% of the Company's Existing Share Capital, and approximately 74.0% of the Enlarged Share Capital after completion of the Proposed Placement and the full exercise of the Warrants into Warrant Shares (assuming that no further Shares are issued on or prior to the completion of the Proposed Placement and the full exercise of Warrants into Warrant Shares).

Accordingly, the Proposed Placement, the Proposed Warrants issue and the allotment and issue of the Warrant Shares to the Placee upon exercise of the Warrants will result in ZhongHong and the Placee obtaining a controlling interest in the Company.

Pursuant to Rule 803 of the Listing Manual, prior approval of Shareholders is required for the Proposed Placement, the Proposed Warrants Issue and the allotment and issue of the Warrant Shares to the Placee upon exercise of the Warrants. Such approval will be sought at the EGM to be held on 18 March 2016, notice of which is set out on pages N-1 to N-2 of this Circular.

## 2.10 Dilutive Effect

The issuance of the Placement Shares and the issuance of the Warrant Shares upon the exercise of the Warrants will have a dilutive effect on Shareholders as described in paragraph 10.1 of this Circular.

## 2.11 Private Placement

The Proposed Placement and the Proposed Warrants Issue are being undertaken by way of a private placement in accordance with Section 272B of the SFA.

## 2.12 Rule 805 of the Catalist Rules

Rule 805 of the Catalist Rules states:

*Except as provided in Rule 806, an issuer must obtain the prior approval of shareholders in general meeting for the following:*

- (1) *The issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer; or*
- (2) *If a principal subsidiary of an issuer issues shares or convertible securities or options that will or may result in:*
  - (a) *the principal subsidiary ceasing to be a subsidiary of the issuer; or*
  - (b) *a percentage reduction of 20% or more of the issuer's equity interest in the principal subsidiary. For example, if the issuer has a 70% interest in a principal subsidiary, shareholder approval will be required for any issue of shares in the principal subsidiary reducing the issuer's equity interest to 56%.*

On 29 January 2016, the Company obtained a general mandate from Shareholders to issue, Shares or make or grant offers, agreements or options that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible to Shares ("**2016 General Mandate**"). Pursuant to the 2016 General Mandate, the Company may issue up to 175,294,143 new Shares other than on a pro-rata basis. The number of Shares issuable under the 2016 General Mandate is not sufficient for the allotment and issue of the Placement Shares and the Warrant Shares if they are to be allotted and issued in full. Accordingly, the Directors propose to seek Shareholders' approval for the Proposed Placement, Proposed Warrants Issue, and the allotment and issue of the Warrant Shares pursuant to the exercise of the Warrants to the Placee pursuant to Rule 805(1) of the Catalist Rules.

### 2.13 Rule 811 of the Catalyst Rules

Rules 811(1), 811(2) and 811(3) of the Catalyst Rules state:

- (1) *An issue of shares must not be priced at more than 10% discount to the weighted average price for trades done on the Exchange for the full market day on which the placement or subscription agreement is signed. If trading in the issuer's shares is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement agreement is signed.*
- (2) *An issue of company warrants or other convertible securities is subject to the following requirements:—*
  - (a) *if the conversion price is fixed, the price must not be more than 10% discount to the prevailing market price of the underlying shares prior to the signing of the placement or subscription agreement.*
  - (b) *if the conversion price is based on a formula, any discount in the price-fixing formula must not be more than 10% of the prevailing market price of the underlying shares before conversion.*
- (3) *Rule 811(1) and (2) is not applicable if specific shareholder approval is obtained for the issue of shares, company warrants or other convertible securities.*

The Placement Price represents a discount of approximately 15.2% to the volume weighted average price of S\$0.2358 for trades done on the SGX-ST for the full Market Day on 25 November 2015 (being the last full Market Day on which the Shares were traded prior to the day on which the Placement Agreement was signed). Accordingly, the Directors propose to seek Shareholders' approval for the Proposed Placement pursuant to Rule 811(3) of the Catalyst Rules.

### 2.14 Rule 812 of the Catalyst Rules

Rules 812(1) and 812(2) of the Catalyst Rules state:

- (1) *An issue must not be placed to any of the following persons:*
  - (a) *the issuer's directors and substantial shareholders;*
  - (b) *immediate family members of the directors and substantial shareholders;*
  - (c) *substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the issuer's substantial shareholders;*
  - (d) *corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10%; or*
  - (e) *any person who, in the opinion of the Exchange, falls within category (a) to (d).*
- (2) *Rule 812(1) will not apply if specific shareholder approval for such a placement has been obtained. The person, and its associates, must abstain from voting on the resolution approving the placement.*

ZhongHong is a Substantial Shareholder of the Company. The Placee, as an indirect wholly owned subsidiary of ZhongHong, is considered a related company under Section 6 of the Act. Therefore, in accordance with Rule 812(2) of the Catalyst Rules, specific Shareholders' approval is required for the Proposed Placement, Proposed Warrants Issue, and the allotment and issue of the Warrant Shares to the Placee pursuant to the exercise of the Warrants.

### 2.15 Rule 824 of the Catalyst Rules

Rule 824 of the Catalyst Rules states:

*Every issue of company warrants or other convertible securities not covered under a general mandate must be specifically approved by shareholders in general meeting.*

Accordingly, the Directors propose to seek Shareholders' specific approval for the Proposed Warrants Issue to the Placee.

## 2.16 Inter-conditionality

**Shareholders should note that the passing of Ordinary Resolutions 1, 2, and 3 set out in the Notice of EGM are inter-conditional. This means that if any one of Ordinary Resolutions 1, 2, and 3 is not approved, the other resolutions will not be passed.**

## 3. INFORMATION ON THE PLACEE

- 3.1** The Placee is a company incorporated in the British Virgin Islands. It is principally involved in the business of investment holding. The Placee is an indirect wholly owned subsidiary of ZhongHong, a Substantial Shareholder of the Company holding 40,000,000 Shares as at the Latest Practicable Date, representing 11.4% of the issued share capital of the Company.
- 3.2** ZhongHong is a company incorporated in the PRC and is listed on the Shenzhen Stock Exchange (Stock Code: 000979). ZhongHong is principally involved in the business of marketing, sales & development of commercial properties, including in tourism-related real estate such as theme parks. Actively promoting the philosophy of “fun and pleasure to make life more interesting” in its products with a mission statement of “towards excellence”, ZhongHong has to-date developed more than a million-square-meter area of properties in the PRC including a diverse portfolio of offices, residential properties, hotels and shopping complexes. As one of the leading real estate enterprises in the PRC, ZhongHong has won numerous honours and awards. As at 30 September 2015, ZhongHong’s total asset value was approximately RMB19 billion.
- 3.3** Prominent projects completed in Beijing including:
- 3.3.1** an international business park known as the Windows to China’s Economy which is one of the major projects in Beijing;
- 3.3.2** WangJing commercial street mall which is Beijing’s first large-scale street mall in Beijing WangJing business district; and
- 3.3.3** Xiangsu building which is setting the trend for innovative designs for Beijing’s East Central Business District’s office buildings.
- 3.4** ZhongHong has a varied and extensive portfolio of projects in China, spanning approximately:
- 3.4.1** 3.6 million square metres of land space in Hainan, consisting of the:
- (i) West Coast Capital project; and
  - (ii) Ruyi Island International Resort;
- 3.4.2** 1.5 million square metres of land space in Beijing consisting of the:
- (i) Yumafang International Tourist Resort;
  - (ii) ZhongHong Building; and
  - (iii) Xiagezhuang Project;
- 3.4.3** 0.8 million square metres of land space in Shandong consisting of the:
- (i) Qeshan Longhu Tourism Resort; and
  - (ii) ZhongHong Square project;
- 3.4.4** 0.2 million square metres of land space in Jiling consisting of the:
- (i) Chinan Ice and Snow Tourist Resort; and
  - (ii) Chixi Health Residential Area; and
- 3.4.5** 0.1 million square metres of land space in Zhejiang consisting of the Anji Media Culture Industrial Park.
- 3.5** ZhongHong has been a culture and tourism product provider since 2013, with a focus on developing various integrated resorts with unique themes. These integrated resorts are specially designed to combine tourism, conferencing, exhibition and leisure entertainment and will be known as “Novelty World”. Using their “A+3” development strategy, which combines (i) tourism property development; (ii) online travel and (iii) brand and resort management, ZhongHong will develop “Novelty World” in large cities like Beijing and in regional sites in Hainan, Yunnan, Jilin, Zhejiang, Heilongjiang and Shandong. In pursuit of this long term strategy, ZhongHong has entered into strategic cooperation agreements in various regions rich in tourism resources.
- 3.6** In the next five (5) years, leveraging on the listing platform, ZhongHong aims to be a dominant brand in developing and operating tourism-related property products in the PRC.
- 3.7** The Placee was introduced to the Company by ZhongHong, the Company’s Substantial Shareholder.

#### 4. RATIONALE

4.1 As announced by the Company on 27 November 2015, the Company is proposing to undertake the Proposed Placement to improve its cash flow and to capitalise on any business opportunities as and when they arise.

4.2 The Company intends to further leverage on ZhongHong's vast network and rich tourism resources in various regions of China. The Company believes that there is synergy between the businesses of the Company and ZhongHong, in particular as the Company plans to upgrade its pan-Asia online travel platform for PRC outbound travellers, which would tie in with ZhongHong's "A+3" development strategy. The Placee's investment in the Company will deepen and strengthen the synergistic businesses between the Company and ZhongHong, the ultimate parent company of the Placee.

#### 4.3 Directors' Opinion

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

4.3.1 the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and

4.3.1 the Group's present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

#### 5. USE OF PROCEEDS

5.1 Based on the Placement Price, the estimated amount of proceeds from the allotment and issue of the Placement Shares is approximately S\$96,800,000 (the "**Placement Proceeds**"). The net estimated expenses for the allotment and issue of the Placement Shares is approximately S\$3,200,000, which includes a fee of approximately S\$3,000,000, being 3% of the gross amount of the Proposed Placement, payable to an independent party who introduced ZhongHong to the Company in 2014. None of the Directors or Substantial Shareholders, or the directors, chief executive officer and controlling shareholders of ZhongHong, have any connection (including business relationship) with such independent party. Assuming the Warrants are fully exercised into Warrant Shares, the estimated amount of additional proceeds that may be raised, net of the estimated expenses of approximately S\$50,000, is approximately S\$125,950,000 (the "**Warrant Proceeds**", and together with the Placement Proceeds, the "**Net Proceeds**").

5.2 The Company intends to utilise the entirety of the Net Proceeds for general working capital purposes. As announced by the Company on 1 December 2015, the Net Proceeds will be used for (a) the Group's expansion of operations in PRC, including conducting mass recruitment in PRC to support its full-scale PRC 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, and (b) to increase advertising & promotion expenses to scale up the Group's revenue in all market segments to revitalise the Group's business, as part of the Group's organic growth and turnaround strategy. The Net Proceeds will be utilised by the Company in the following estimated proportions:

Use of Placement Proceeds	Percentage allocation
Expansion of operations in PRC	Approximately 50% to 60%
Advertising & promotion expenses	Approximately 40% to 50%

Use of Warrant Proceeds	Percentage Allocation
Expansion of operations in PRC	Approximately 50% to 60%
Advertising & promotion expenses	Approximately 40% to 50%

5.3 Separately, as announced by the Company on 29 December 2015, the Company had on 28 December 2015 entered into a loan agreement (the "**Loan Agreement**") with Chong Zhi Hong Kong Investment Limited (崇知香港投资有限公司) (Hong Kong Company Registration No. 2260222) (the "**Lender**"), pursuant to which the Lender had granted a loan of a principal amount of Renminbi ("**RMB**") 58,000,000 in equivalent Singapore Dollars to the Company (the "**Loan**"). The principal amount of the Loan is equivalent to approximately S\$12,567,986 for the S\$ to RMB exchange rate of (S\$1:RMB4.6149) on 28 December 2015, the day on which the Loan Agreement was signed (Source: <http://www.bloomberg.com/quote/SGDCNY:CUR>). The Company had entered into the Loan Agreement to strengthen its cash position while the Company completes the Proposed Placement and Proposed Warrants Issue. The Loan was taken to allow the Company to ramp up the Group's operations in the PRC and for the bulk purchase of hotel rooms to improve the Group's financial performance. As at the Latest Practicable Date, the Loan has not been disbursed to the Company and the Company does not intend to draw down on any part of the Loan. Accordingly, no part of the Placement Proceeds will be utilised to settle the Loan.

- 5.4** The Company will make periodic announcement(s) as to the use of the proceeds from the Proposed Placement as and when such proceeds are materially disbursed and whether such 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 Placement in the Company's interim and full-year financial statements issued under Rule 705 of the 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.
- 5.5** Pending the deployment of the Net Proceeds, 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 may deem fit, from time to time.

## **6. PROPOSED WHITEWASH RESOLUTION**

### **6.1 Rule 14 of the Code**

Under Rule 14 of the Code, except with the SIC's consent, where:

- 6.1.1** any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.00 per cent. or more of the voting rights in a company; or
- 6.1.2** any person who, together with persons acting in concert with him, holds not less than 30.00 per cent. but not more than 50.00 per cent. of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1.00 per cent. of the voting rights,

such person must extend a general offer for all the remaining Shares in the Company which he does not already own or control, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

### **6.2 Placee's Interest**

As at the Latest Practicable Date, save for ZhongHong, the Placee and parties acting in concert with it do not hold any Shares. Upon Completion, the Proposed Placement will result in the Placee holding 500,000,000 Shares amounting to 58.8 per cent. of the Enlarged Share Capital and ZhongHong will hold 40,000,000 Shares amounting to 4.7 per cent. of the Enlarged Share Capital. Further, if the Warrants are fully exercised by the Placee, the Placee will acquire the Warrant Shares resulting in it owning 1,000,000,000 Shares amounting to approximately 74.0 per cent. of the Subsequent Enlarged Share Capital and ZhongHong will hold 40,000,000 Shares amounting to 3.0 per cent. of the Subsequent Enlarged Share Capital.

### **6.3 Mandatory General Offer**

As the Placee will acquire Shares carrying more than 30 per cent. of the voting rights of the Company, the Placee and its concert parties would be obliged to make a general offer for the Company under Rule 14 of the Code unless otherwise exempt.

### **6.4 Whitewash Waiver from the SIC**

The SIC had on 28 January 2016 granted a waiver of the requirement under Rule 14 of the Code for the Placee and its concert parties to make a general offer for the Company in the event that the Placee acquires more than 30% of the voting rights of the Company based on the Enlarged Share Capital as a result of acquiring the Placement Shares, subject to the following conditions:

- 6.4.1** a majority of holders of voting rights of the Company present and voting at a general meeting, held before the Proposed Placement, approve by way of a poll, the Proposed Whitewash Resolution;
- 6.4.2** the Proposed Whitewash Resolution is separate from other resolutions;
- 6.4.3** the Placee, parties acting in concert with it and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;

**6.4.4** the Placee and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into, rights to subscribe for and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):

- (i) during the period between the date of the announcement of the Proposed Placement and the Proposed Warrants Issue, and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
- (ii) in the six (6) months prior to the announcement of the Proposed Placement and the Proposed Warrants Issue, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Placement and the Proposed Warrants Issue;

**6.4.5** the Company appoints the IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution;

**6.4.6** the Company sets out clearly in this Circular:

- (i) details of the Proposed Placement, including the issue and allotment of the Placement Shares and the Warrant Shares to the Placee;
- (ii) the dilution effect to existing Shareholders of the issue of the Placement Shares and the Warrant Shares;
- (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Placee and its concert parties as at the Latest Practicable Date;
- (iv) the number and percentage of voting rights to be acquired by the Placee and its concert parties upon the issue of the Placement Shares and the Warrant Shares;
- (v) specific and prominent reference to the fact that the issue of the Placement Shares and the Warrant Shares would result in the Placee and its concert parties holding Shares carrying over 49 per cent. of the voting rights of the Company based on its enlarged issued share capital, and that the Placee and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company; and
- (vi) a specific and prominent statement that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Placee at the highest price paid by the Placee in the past six (6) months preceding the commencement of the said offer;

**6.4.7** this Circular states that the waiver granted by the SIC to the Placee and its concert parties from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in paragraphs 6.4.1 to 6.4.6 above;

**6.4.8** the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Proposed Whitewash Resolution; and

**6.4.9** to rely on the Proposed Whitewash Resolution, the acquisition of the Placement Shares by the Placee pursuant to the Proposed Placement must be completed within three (3) months of the approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for the conditions set out in paragraphs 6.4.1 and 6.4.9 of this Circular, all the other conditions imposed by the SIC set out above have been satisfied.

## **6.5 Proposed Whitewash Resolution**

Independent Shareholders are requested to vote by way of a poll, on the Proposed Whitewash Resolution set out in the notice of EGM on pages N-1 to N-2 of this Circular, waiving their rights to receive the mandatory general offer from the Placee and parties acting in concert with it.

## **6.6 Advice to Independent Shareholders**

**Independent Shareholders should note that:**

**6.6.1 by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer from the Placee and parties acting in concert with it to purchase their Shares at the highest price per Share paid or agreed to be paid by the Placee and parties acting in concert with it in the six (6) months preceding the commencement of the Proposed Placement;**



**6.6.2** the allotment and issue of the Placement Shares to the Placee, and if all the Warrants are fully exercised by the Placee, the allotment and issue of Warrant Shares to the Placee will result in the Placee and parties acting in concert with it holding Shares carrying more than 49 per cent. of the total voting rights of the Company based on the Enlarged Share Capital of the Company (as described in paragraph 2.9 of this Circular), and the Placee and its concert parties will, thereafter, be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company;

**6.6.3** the Proposed Placement and the Proposed Warrants Issue are conditional upon them voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 3). In view of this, in the event that the Proposed Whitewash Resolution (Ordinary Resolution 3) is not passed by the Independent Shareholders, the Proposed Placement and the Proposed Warrants Issue will not take place; and

**6.6.4** the Whitewash Waiver from the SIC was obtained only in respect of the Placee's acquisition of the Placement Shares and not in respect of the Warrant Shares.

## **6.7 Advice of the IFA**

Provenance Capital Pte. Ltd. has been appointed as the IFA to advise the Independent Directors in respect of the Proposed Whitewash Resolution. A copy of the IFA Letter, setting out its advice in full, is reproduced in Appendix A to this Circular. Shareholders are advised to read and consider the IFA Letter in full and in its entirety. The IFA's opinion can be found in Section 7 of the IFA Letter and has been extracted and reproduced below in italics. Unless otherwise defined or the context otherwise requires, all terms defined in the IFA Letter shall have the same meaning therein.

*In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:*

- (a) rationale for the Proposed Placement, Proposed Warrants Issue and the use of proceeds;*
- (b) assessment of the terms of the Placement Shares;*
- (c) assessment of the terms of the Tranche 1 Warrants and Tranche 2 Warrants;*
- (d) dilution impact of the Proposed Placement and the Proposed Warrants Issue on the Independent Shareholders; and*
- (e) other relevant considerations in relation to the Proposed Placement and Proposed Warrants Issue which may have a significant bearing on our assessment of the Proposed Whitewash Resolution.*

*Overall, based on our analysis and after having considered carefully the information available to us, we are of the view that the Proposed Whitewash Resolution (in respect of the Placement Shares), when considered in the context of the Proposed Placement and Proposed Warrants Issue, is fair and reasonable, and is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.*

## **7. FINANCIAL EFFECTS**

**7.1** The financial effects of the Proposed Placement and the Proposed Warrants Issue as presented herein are purely for illustrative purposes only and are not projections of the actual future financial performance or financial position of the Group after the Proposed Placement and Proposed Warrants Issue and are based on the audited financial statements of the Group for the financial year ended 30 September 2015.

### **7.2 Share Capital**

	<b>The Company</b>		
	<b>Latest Practicable Date</b>	<b>After Issue of Placement Shares</b>	<b>After Issue of Warrant Shares</b>
Share capital	S\$52,984,562	S\$152,984,562	S\$278,984,562
Number of issued and paid-up Shares <sup>(1)</sup>	350,588,286	850,588,286	1,350,588,286

#### **Notes:**

- (1) Excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding 2013 Warrants. As at the Latest Practicable Date, the Company has 10,646,000 treasury shares and 29,507,535 outstanding 2013 Warrants.

### 7.3 Net Asset Value (NAV)

	The Group		
	As at 30 September 2015	After Issue of Placement Shares	After Issue of Warrant Shares
NAV (S\$'000) <sup>(1)</sup>	24,566	124,566	250,566
Number of issued and paid-up Shares <sup>(2)</sup>	350,588,286	850,588,286	1,350,588,286
NAV per Share (Singapore cents)	0.0701	0.1464	0.1855

**Notes:**

- (1) NAV is computed based on net assets attributable to owners of the Company.
- (2) Excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding 2013 Warrants. As at the Latest Practicable Date, the Company has 10,646,000 treasury shares and 29,507,535 outstanding 2013 Warrants.

### 7.4 Earnings

	The Group		
	For FY 2015	After Issue of Placement Shares	After Issue of Warrant Shares
Losses net of tax (S\$'000)	10,816	10,816	10,816
Number of issued and paid-up Shares <sup>(1)</sup>	350,588,286	850,588,286	1,350,588,286
NTA per Share (Singapore cents)	0.0309	0.127	0.0080

**Notes:**

- (1) Excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding 2013 Warrants. As at the Latest Practicable Date, the Company has 10,646,000 treasury shares and 29,507,535 outstanding 2013 Warrants.

### 7.5 Gearing

	The Group		
	As at 30 September 2015	After Issue of Placement Shares	After Issue of Warrant Shares
Net debt (S\$'000)	11,599	11,599	11,599
Total equity (S\$'000)	36,165	136,165 <sup>(1)</sup>	262,165 <sup>(1)</sup>
Net gearing <sup>(2)</sup>	32.1%	8.5%	4.4%

**Notes:**

- (1) Assuming that the expenses of the Proposed Placement and the Warrants being fully exercised into Warrant Shares are negligible.
- (2) Net gearing is computed by net debt divided by total capital plus net debt, where net debt refers to obligations under finance leases, trade and other payables, and total capital refers to equity attributable to the owners of the Company.

## 8. FUND-RAISING EXERCISES IN THE LAST TWO YEARS

### 8.1 Fund Raising Exercise

In the last two (2) years prior to the Latest Practicable Date, the Company had engaged in the fund-raising exercise set out in the table below, and raised an aggregate of S\$10,000,000 excluding expenses of S\$424,510.

Date of completion of fund-raising exercise	Description of fund-raising exercise	Amount raised
8 April 2015	Placement to ZhongHong Holding Co., Ltd.	S\$9,575,490

## 8.2 Use of Proceeds

The table below sets out a breakdown on the use of the proceeds raised by the fund-raising exercise.

Fund-raising exercise	Net proceeds	Amount of Proceeds and Use of Proceeds	Date of announcement of utilisation of proceeds	Balance
Placement to ZhongHong Holding Co., Ltd.	S\$9,575,490	S\$2,200,000 for general working capital	14 August 2015	S\$4,000,490 which is in the Company's current account
		S\$3,375,000 for general working capital	13 February 2016	

## 8.3 Confirmation

The Company confirms that the proceeds from the fund-raising exercise carried out in the last two (2) years have been utilised in accordance with their intended purposes.

## 9. ADJUSTMENTS TO THE EXERCISE PRICE OF THE 2013 WARRANTS

9.1 Pursuant to the 2013 Warrants Issue, the Company allotted 59,731,708 2013 Warrants comprising one tranche of 29,865,854 warrants (the "2013 T1 Warrants") and a second tranche of 29,865,854 warrants (the "2013 T2 Warrants") on 16 January 2013. The exercise price of the 2013 Warrants and/or the number of 2013 Warrants held by each 2013 Warrantholder are subject to adjustment under certain circumstances as set out in the 2013 Deed Poll. The 2013 T1 Warrants expired on 17 July 2014. As at the Latest Practicable Date, 29,507,535 2013 T2 Warrants remain outstanding.

9.2 The allotment and issue of the Placement Shares at the Placement Price of S\$0.20 will constitute an event which will require an adjustment to be made to the exercise price of the outstanding 2013 T2 Warrants pursuant to the terms and conditions (the "Conditions") of the 2013 Warrants set out in the 2013 Deed Poll. In accordance with the Conditions, the adjustments to the exercise price of the 2013 T2 Warrants shall be certified by the Auditors.

9.3 The Directors have determined that exercise price of the 2013 T2 Warrants is to be adjusted in the following manner:

$$\text{New exercise price of the 2013 T2 Warrants} = \frac{(K+L)}{(K+M)} * X$$

Where:-

K = the number of Shares in issue at the close of business on the SGX-ST on the day immediately preceding the date on which the relevant adjustment becomes effective;

L = the number of Shares which the Total Effective Consideration would have purchased at such Current Market Price (exclusive of expenses), where "Total Effective Consideration" means the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Current Market Price" means the weighted average of the prices (rounded downwards to the nearest cent) at which the Shares are transacted on the SGX-ST for the five (5) consecutive Market Days (on each of which trading of the Shares on the SGX-ST has been transacted) immediately preceding that Market Day or, if the Company so decides, the weighted average price of the Shares quoted on the SGX-ST for the Market Day (on which trading of the Shares on the SGX-ST has been transacted), immediately preceding that Market Day;

M = the aggregate number of Shares so issued pursuant to the Proposed Placement; and

X = the existing exercise price of the 2013 T2 Warrants (i.e. S\$0.273).

Accordingly, the new exercise price of the 2013 T2 Warrants is **S\$0.25**, rounded upwards to the nearest one (1) cent.

9.4 Subject to Completion of the Proposed Placement, the adjustment to the exercise price of the 2013 T2 Warrants is expected to be effective, retroactively, from the close of business on the SGX-ST on 26 November 2015. The Company will make an announcement in connection with the adjustment to the exercise price of the 2013 T2 Warrants and will notify the 2013 Warrantholders in due course, in accordance with the Conditions.

## 10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

### 10.1 Directors' and Substantial Shareholders' Interests

The interests of Directors and the Substantial Shareholders of the Company as at the Latest Practicable Date, and the effects of the Proposed Placement and Proposed Warrants Issue on the shareholding structure of the Company, are set out below:

	As at Latest Practicable Date (Existing Share Capital)			After the issue of Placement Shares (Enlarged Share Capital)			After the issue of Placement Shares and Warrant Shares (Subsequent Enlarged Share Capital)		
	Direct Interest	Deemed Interest	% <sup>(1)</sup>	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%
<b>Directors</b>									
Boh Tuang Poh <sup>(2)</sup>	-	20,535,426	5.86	-	20,535,426	2.41	-	20,535,426	1.52
Tan Kheng Lee Arnold <sup>(3)</sup>	840,000	-	0.24	840,000	-	0.10	84,000	-	0.06
Sheng Faqiang <sup>(4)</sup>	-	60,000,000	17.11	-	60,000,000	7.05	-	60,000,000	4.44
Heng Su-Ling Mae	-	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>									
Placee	-	-	-	50,000,000	-	58.78	1,000,000,000	-	74.04
Beijing Toread Outdoor Products Co., Ltd. <sup>(5)</sup>	-	60,000,000	17.11	-	60,000,000	7.05	-	60,000,000	4.44
ZhongHong Holding Co., Ltd. <sup>(6)</sup>	-	40,000,000	11.41	-	540,000,000	63.49	-	1,040,000,000	77.00
Goh Khoon Lim <sup>(7)</sup>	-	40,794,437	11.64	-	40,794,437	4.80	-	40,794,437	3.02
28 Holdings Pte Ltd <sup>(8)</sup>	10,166,500	16,820,812	7.70	10,166,500	16,820,812	3.17	10,166,500	16,820,812	2.00
Gan Suat Lui <sup>(9)</sup>	-	26,987,312	7.70	-	26,987,312	3.17	-	26,987,312	2.00
Vision Capital Pte Ltd	24,768,000	-	7.06	24,768,000	-	2.91	24,768,000	-	1.83
See Lop Fu, James <sup>(10)</sup>	-	24,768,000	7.06	-	24,768,000	2.91	-	24,768,000	1.83
Ong Nai Pew <sup>(11)</sup>	-	24,777,966	7.07	-	24,777,966	2.91	-	24,777,966	1.83
Public Shareholders		138,872,457	39.61		138,872,457	16.33		138,872,457	10.28

**Notes:**

- (1) Calculated based on the Company's issued share capital of 350,588,286 Shares as at the Latest Practicable Date.
- (2) Boh Tuang Poh's deemed interest arises from 20,535,426 Shares registered in the names of his nominees.
- (3) Tan Kheng Lee Arnold holds 105,000 2013 Warrants expiring on 15 July 2016.
- (4) Sheng Faqiang is deemed to have an interest in 60,000,000 Shares held by Beijing Toread Outdoor Products Co., Ltd. through his controlling interest in Beijing Toread Outdoor Products Co., Ltd.
- (5) The deemed interest of Beijing Toread Outdoor Products Co., Ltd. arises from 60,000,000 Shares registered in the name of its nominee.
- (6) ZhongHong's deemed interest arises from 40,000,000 Shares registered in the name of its nominees
- (7) Goh Khoon Lim is deemed to have interest in the 26,987,312 Shares held by 28 Holdings Pte Ltd through his not less than 20% shareholdings in 28 Holdings Pte Ltd. Goh Khoon Lim is also the beneficial holder of 12,273,000 Shares held by DBS Nominees Pte Ltd and 1,534,125 Shares held by AmFraser Nominees Pte. Ltd.
- (8) 28 Holdings Pte Ltd is deemed to have interest in 16,820,812 shares held by KGI Fraser Nominees.
- (9) Gan Suat Lui is deemed to have interest in the 26,987,312 Shares held by 28 Holdings Pte Ltd through her not less than 20% shareholdings in 28 Holdings Pte Ltd.
- (10) See Lop Fu, James's deemed interest arises from 24,768,000 Shares held by Vision Capital Pte Ltd.
- (11) Ong Nai Pew's deemed interest arises from 24,777,966 Shares held through nominees.

**10.2 No Interest**

The Placee is an indirect wholly owned subsidiary of ZhongHong. Save for the foregoing, none of the Directors or Substantial Shareholders or their respective associates has any interest, whether direct or indirect, in the Proposed Placement and/or the Proposed Warrants Issue other than through their respective directorships and shareholdings in the Company.

**10.3 No Relationship**

The Placee is an indirect wholly owned subsidiary of ZhongHong. Save for the foregoing, none of the Directors or Substantial Shareholders has any connection (including business relationship) with the Placee.

**11. DIRECTORS' RECOMMENDATIONS**

**11.1 Proposed Placement and Proposed Warrants Issue**

The Directors, having considered, *inter alia*, the rationale for the Proposed Placement and the Proposed Warrants Issue as set out in paragraph 4 of this Circular, are of the opinion that the Proposed Placement and the Proposed Warrants Issue are in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the resolutions in relation to the Proposed Placement and the Proposed Warrants Issue to be proposed at the EGM.

## **11.2 Proposed Placement and Proposed Warrants Issue**

The Independent Directors, having considered, *inter alia*, the rationale for the Proposed Placement and the Proposed Warrants Issue as set out in paragraph 4 of this Circular and the advice of the IFA as set out in the IFA Letter set out in Appendix A to this Circular, are of the opinion that the Proposed Whitewash Resolution is in the interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution at the EGM.

## **11.3 Note to Shareholders**

Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale, information on the Placee, use of proceeds from the Proposed Placement and the Proposed Warrants Issue, financial effects of the Proposed Placement and the Proposed Warrants Issue and effects of the Proposed Whitewash Resolution and consider carefully the advice of the IFA (including the IFA Letter in its entirety as set out in Appendix A to this Circular). In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

## **12. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages N-1 to N-2 of this Circular, will be held on 18 March 2016 at 10:00 a.m., at 743 Lorong 5 Toa Payoh, Level 2, Singapore 319457 for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions as set out in the Notice of EGM.

## **13. ABSTENTION FROM VOTING**

### **13.1 Proposed Placement and Proposed Warrants Issue**

In accordance with Rule 812(2) of the Catalist Rules, ZhongHong and its associates must abstain from voting on the resolutions approving the Proposed Placement and the Proposed Warrants Issue to the Placee. ZhongHong has undertaken to the Company to abstain and procure that its associates will abstain from voting on the resolutions to approve the Proposed Placement and the Proposed Warrants Issue to the Placee.

Furthermore, ZhongHong shall decline, and ensure that its associates decline to accept appointment as proxy/proxies to vote at the EGM in respect of the resolutions relating to the Proposed Placement and Proposed Warrants Issue to the Placee for other Shareholders unless the Shareholders concerned shall have given specific instructions as to the manner in which his votes are to be cast at the EGM.

### **13.2 Proposed Whitewash Resolution**

The Placee and parties acting in concert with it as well as parties not independent of them, will abstain from voting in respect of their holding of Shares on the Proposed Whitewash Resolution at the EGM and shall not accept nomination as proxies or otherwise for voting on the Proposed Whitewash Resolution, unless they are given specific instructions as to voting.

As at the Latest Practicable Date, save for ZhongHong who holds 40,000,000 Shares, the Placee and parties acting in concert with it as well as parties not independent of them do not hold any Shares.

## **14. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf, should complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 615 Lorong 4 Toa Payoh, #01-01 Storhub, Singapore 319516 not later than 48 hours before the time fixed for the EGM. The completion and return of a proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the EGM.

## 15. CONSENT

Provenance Capital Pte. Ltd., the IFA, has given, and has not withdrawn, its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter dated 3 March 2016 and all references thereto, in the form and context in which it appears in this Circular.

## 16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (save for paragraph 6.7 of this Circular and Appendix A to this Circular) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular (save for paragraph 6.7 of this Circular and Appendix A to this Circular) constitutes full and true disclosure of all material facts about the Proposed Placement, Proposed Warrants Issue, and the Proposed Whitewash Resolution, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 this Circular in its proper form and context.

## 17. INSPECTION OF DOCUMENTS

The following documents 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 from the date of this Circular up to and including the date of the EGM:

- a) the Placement Agreement;
- b) the audited financial statements of the Group for FY 2015 announced on 13 January 2016;
- c) the annual report of the Company for FY 2015;
- d) the IFA Letter as set out in Appendix A to this Circular; and
- e) the letter of consent referred to in paragraph 15 of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of  
**ASIATRavel.COM HOLDINGS LTD**

Boh Tuang Poh  
Executive Chairman

## APPENDIX A – IFA LETTER

### PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)  
(Incorporated in the Republic of Singapore)  
96 Robinson Road #13-01 SIF Building  
Singapore 068899

3 March 2016

To: The Independent Directors of Asiatravel.com Holdings Ltd  
(deemed to be independent in respect of the Proposed Whitewash Resolution)

Mr Boh Tuang Poh	(Executive Chairman and Chief Executive Officer)
Mr Sheng Faqiang	(Non-Executive Director)
Ms Heng Su-Ling Mae	(Lead Independent Director)
Mr Tan Kheng Lee Arnold	(Independent Director)

Dear Sirs/Mdm,

#### THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHT TO RECEIVE A GENERAL OFFER FROM ZHONG HONG NEW WORLD INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE ALLOTMENT AND ISSUE OF THE PLACEMENT SHARES

*Unless otherwise defined or the context otherwise requires, all capitalised terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 3 March 2016 (“Circular”).*

#### 1. INTRODUCTION

On 27 November 2015 (“**Announcement Date**”), the board of Directors (“**Board**”) of Asiatravel.com Holdings Ltd (“**Company**”, together with its subsidiaries, “**Group**”) announced (“**Announcement**”) that the Company had, on 26 November 2015, entered into a conditional share and warrant placement agreement (“**Placement Agreement**”) with Zhong Hong New World International Limited (中弘新奇世界国际有限公司) (“**Placee**”), an indirect wholly-owned subsidiary of ZhongHong Holding Co., Ltd. (“**ZhongHong**”), a substantial shareholder of the Company, to issue to the Placee the following securities:

- (a) 500,000,000 new ordinary shares of the Company (“**Placement Shares**”) at the price of S\$0.20 per Placement Share (“**Placement Price**”) (“**Proposed Placement**”);
- (b) 400,000,000 non-listed, non-transferable warrants, each of which carries the right for the Placee to subscribe for one (1) Warrant Share at the initial exercise price of S\$0.24 within the 3-year exercise period (“**Exercise Period**”) (“**Tranche 1 Warrants**”); and
- (c) 100,000,000 non-listed, non-transferable warrants, each of which carries the right for the Placee to subscribe for one (1) Warrant Share at the initial exercise price of S\$0.30 within the Exercise Period (“**Tranche 2 Warrants**”).

As at the Announcement Date, the Company has a total of 350,588,286 issued and paid-up ordinary shares (“**Shares**”), excluding 10,646,000 treasury shares (“**Treasury Shares**”), 29,507,535 outstanding warrants which will expire on 15 July 2016 (“**2013 Warrants**”), and 300,000 outstanding options granted under the Asiatravel.com Share Option Scheme 2011 (“**2011 Scheme**”).

Based on the above total number of issued Shares (excluding the Treasury Shares), the Proposed Placement of the 500,000,000 Placement Shares represents 142.6% of the total

number of issued Shares and 58.8% of the enlarged issued Shares after the completion of the Proposed Placement.

The proposed placement ("**Proposed Warrants Issue**") of the Tranche 1 Warrants and Tranche 2 Warrants (collectively, "**Warrants**"), when fully exercised into the 500,000,000 new Shares ("**Warrant Shares**"), is equivalent to the number of the Placement Shares. Hence, on the basis that all the Placement Shares are issued to the Placee and the Proposed Warrants Issue are exercised into the Warrant Shares, these new Shares will represent 285.2% of the total number of issued Shares and 74.0% of the enlarged issued Shares after the completion of the Proposed Placement and the full exercise of the Tranche 1 Warrants and Tranche 2 Warrants into the Warrants Shares.

The Placee is an indirect wholly-owned subsidiary of ZhongHong. As at the Announcement Date, the Placee is deemed interested in 40,000,000 Shares which are held by ZhongHong, representing 11.4% of the total number of issued Shares (excluding the Treasury Shares).

As a result of the Proposed Placement, the Placee, together with parties acting in concert with it, namely ZhongHong ("**Concert Party Group**" or "**ZhongHong Group**"), would increase its shareholding interest in the Company to 540,000,000 Shares, representing 63.5% of the enlarged issued Shares totalling 850,588,286 Shares after the Proposed Placement. In the event the Placee exercises all the Tranche 1 Warrants and Tranche 2 Warrants, the Concert Party Group would further increase its shareholding in the Company to 1,040,000,000 Shares or 77.0% of the enlarged issued Shares totalling 1,350,588,286 Shares upon the completion of the Proposed Placement and the exercise of all the Tranche 1 Warrants and Tranche 2 Warrants.

Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**"), where (a) any person who acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carrying 30.0% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1.0% voting rights, ("**Mandatory Offer Threshold**"), he is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control ("**Mandatory Offer**").

The allotment and issuance of the Placement Shares and/or the Warrant Shares to the Placee will result in the Placee and/or the Concert Party Group increasing its shareholding interests in the Company to more than 30.0% of the voting rights of the Company, thereby resulting in the Placee and/or the Concert Party Group having an obligation on its part to make a Mandatory Offer for the remaining Shares not already owned by it. The Company had, on behalf of the Placee and the Concert Party Group sought the approval of the Securities Industry Council ("**SIC**") to grant a proposed whitewash waiver to the Placee and the Concert Party Group from complying with the obligation of a Mandatory Offer.

On 29 January 2016, the Company announced that it had obtained the approval from the SIC for the proposed whitewash waiver in relation to the Placee's acquisition of the Placement Shares ("**Proposed Whitewash Waiver**").

The SIC's approval for the Proposed Whitewash Waiver is subject to the satisfaction of certain conditions as set out in paragraph 6.4 of the Circular, including, *inter alia*, (i) the approval of the proposed whitewash resolution ("**Proposed Whitewash Resolution**") by the majority of the independent Shareholders ("**Independent Shareholders**") voting by way of a poll at the extraordinary general meeting ("**EGM**"); and (ii) the appointment of an independent financial adviser ("**IFA**") to advise the Independent Shareholders on the Proposed Whitewash Resolution.

Accordingly, Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed by the Company as the IFA to advise the Directors who are deemed to be independent in respect of the Proposed Whitewash Resolution. As none of the Directors are related to the Placee, the



entire Board, namely, Mr Boh Tuang Poh, Mr Sheng Faqiang, Ms Heng Su-Ling Mae and Mr Tan Kheng Lee Arnold are deemed to be independent in respect of the Proposed Whitewash Resolution (“**Independent Directors**”).

In addition, the Proposed Placement, the Proposed Warrants Issue, and the allotment and issue of the Warrant Shares to the Placee are subject to, *inter alia*, the approval of the Shareholders at the EGM in accordance with Rules 803, 805, 811, 812 and 824 Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”).

The Proposed Placement, the Proposed Warrant Issue and the Proposed Whitewash Resolution are inter-conditional upon one another.

This letter (“**Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Whitewash Resolution. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed Placement, the Proposed Warrants Issue, the Proposed Whitewash Resolution and the recommendation of the Independent Directors.

## 2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors in respect of their recommendations to the Independent Shareholders in relation to the Proposed Whitewash Resolution. We are not and were not involved or responsible, in any aspect, of the negotiations in relation to the Proposed Placement and the Proposed Warrants Issue nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Placement and the Proposed Warrants Issue or to obtain the approval of the Independent Shareholders for the Proposed Whitewash Resolution, and we do not, by this Letter, warrant the merits of the Proposed Placement, the Proposed Warrants Issue and/or the Proposed Whitewash Resolution other than to express an opinion on whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Proposed Placement and the Proposed Warrants Issue.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Placement, the Proposed Warrants Issue and/or the Proposed Whitewash Resolution or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and/or their professional advisers and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and the professional advisers of the Company, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries, to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate and have confirmed to us that, upon making all reasonable enquiries and to their best knowledge and abilities, all material information available to them in connection with the Proposed Placement, the Proposed Warrants Issue and the Proposed Whitewash

Resolution, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Proposed Placement, the Proposed Warrants Issue, the Proposed Whitewash Resolution, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Proposed Placement, the Proposed Warrants Issue, the Proposed Whitewash Resolution, the Company and/or the Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at 26 February 2016, being the Latest Practicable Date as referred to in the Circular.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Proposed Placement and the Proposed Warrants Issue. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Takeover Code and/or the Catalist Rules and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after the completion of the Proposed Placement and the Proposed Warrants Issue or if the Proposed Placement and the Proposed Warrants Issue are not effected.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group, (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our view as set out in this Letter is based upon the market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information provided and representations provided to us as of the Latest Practicable Date. In arriving at our view, with the consent of the Directors or the Company, we have taken into account certain other factors and have been required to make certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to the Proposed Placement, the Proposed Warrants Issue and/or the Proposed Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Independent Shareholder or any specific group of the Independent

Shareholders. As each Independent Shareholder would have different investment objectives and profiles, we recommend that any individual Independent Shareholder or group of Independent Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Whitewash Resolution at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Proposed Whitewash Resolution and their advice to the Independent Shareholders arising thereof. The recommendations made to the Independent Shareholders in relation to the Proposed Whitewash Resolution remain the sole responsibility of the Independent Directors.

**Our recommendation in relation to the Proposed Whitewash Resolution should be considered in the context of the entirety of this Letter and the Circular.**

### **3. INFORMATION ON THE COMPANY AND THE GROUP**

#### **3.1 Overview**

The Company was incorporated in Singapore in 1999 and listed on the SGX-Catalist on 11 April 2001. As disclosed in the annual report of the Company for the financial year ended 30 September 2015 ("FY2015"), the Company believes that the Group is the largest independent publicly listed pan-Asia online travel reservation service provider, and Asia's leading online travel company that offers a global inventory of over 8 million travel products worldwide. It provides full travel services at packaged prices for travellers seeking convenience.

The Group has 17 offices in Asia, Middle East and Europe, and has recently bagged multiple travel awards including Best Online Travel Agency 2015, for the 3<sup>rd</sup> consecutive year by TTG Travel Awards Asia Pacific. The Company has also recently established a business-to-business division comprising TAcetre.com and Savio-Staff-Travel which serves the travel industry and corporate sectors respectively.

During FY2015, the Group incurred start-up expenses as it set up and expanded its China-centric business unit to position the Group as a fully integrated China online domestic, outbound and inbound player.

#### **3.2 Share Capital**

As at the Announcement Date, the Company had an issued and paid-up share capital comprising 350,588,286 Shares, excluding 10,646,000 Treasury Shares.

Based on the last transacted Share price at S\$0.235 on 25 November 2015 prior to the trading halt for the purpose of the release of the Announcement, and the outstanding issued Shares as at the Announcement Date, the market capitalisation of the Company was S\$82.4 million.

We note that since the Announcement on 27 November 2015, the Share price had generally trended downwards to below the Placement Price. As at the Latest Practicable Date, the

number of issued Shares remain unchanged at 350,588,286 Shares. Based on the last transacted Share price of S\$0.182 as at the Latest Practicable Date and the outstanding issued Shares as at the Latest Practicable Date, the market capitalisation of the Company is S\$63.8 million.

In addition, as at the Announcement Date, the Company has the following outstanding securities or options which are exercisable into the new Shares:

- (a) 29,507,535 2013 Warrants which are exercisable into new Shares at the exercise price of S\$0.273 per Share and which will expire on 15 July 2016; and
- (b) 300,000 options granted pursuant to the 2011 Scheme which are exercisable into new Shares at the exercise price of S\$0.205 and which will expire on 15 April 2018.

The above number of outstanding securities and options remain unchanged as at the Latest Practicable Date.

As a result of the Proposed Placement and the Proposed Warrants Issue, the Company had informed us that the above convertible securities will be adjusted as follows:

	Before Adjustment	After Adjustment
Number of 2013 Warrants	29,507,535	No change
Exercise price of the 2013 Warrants	S\$0.273	S\$0.25
Number of options pursuant to the 2011 Scheme	300,000	No change
Exercise price of the options	S\$0.205	No change

Based on the deed poll executed by the Company on 27 December 2012 constituting the 2013 Warrants, the adjustment to the exercise price of the 2013 Warrants is expected to be effective, retroactively, from the close of business on the SGX-ST on 26 November 2015.

Based on the last transacted Share price of S\$0.182 as the Latest Practicable Date, the adjusted exercise price of the 2013 Warrants and the exercise price of the options are currently out-of-the-money as the exercise prices of these convertible securities are higher than the current market Share price.

### 3.3 Substantial Shareholders

As at the Announcement Date, the key substantial Shareholders of the Company are as follows:

	Deemed interest in the number of Shares	Percentage Shareholding in the Company (%)
Beijing Tread Outdoor Products Co., Ltd. ("Beijing Tread")	60,000,000	17.11
ZhongHong	40,000,000	11.41
Goh Khoo Lim	40,794,437	11.64
Ong Nai Pew	24,777,966	7.07
James See Lop Fu	24,768,000	7.06
Boh Tuang Poh	20,535,426	5.86

Beijing Tread became a substantial Shareholder through the subscription of 40,000,000 Shares at the issue price of S\$0.20 per Share in October 2013. As at the Announcement Date, Beijing Tread shareholding interest in the Company was 17.1%.

ZhongHong became a substantial Shareholder through the subscription of 40,000,000 Shares at the issue price of S\$0.25 per Share in April 2015. As at the Announcement Date, ZhongHong shareholding interest in the Company remain unchanged at 11.41%. ZhongHong is a company incorporated in the People's Republic of China ("**PRC**") and listed on the Shenzhen Stock Exchange with a market capitalisation of approximately RMB24 billion (S\$5.3 billion) as at the Announcement Date\*. It is principally involved in the business of marketing, sales and development of commercial properties, including in tourism-related real estate such as theme parks. Further information on ZhongHong is set out in paragraph 3 of the Circular.

\* Source: Bloomberg

On 18 September 2015, the Company announced that the Company had been notified by certain substantial shareholders of the Company, namely Mr Boh Tuang Poh, Dr Ong Nai Pew, Mr Goh Khoo Lim, Mr James See Lop Fu and Beijing Tored ("Specific Substantial Shareholders"), that they have entered into a memorandum of understanding with ZhongHong dated 17 September 2015 wherein these Specific Substantial Shareholders were agreeable to sell all their Shares held by them, totalling 51.0% of the total issued Shares, to ZhongHong at the price of S\$0.30 per Share, which, if completed, will trigger a general cash offer by ZhongHong for all the remaining issued Shares at the same offer price of S\$0.30 per Share ("**Proposed Offer**"). The Proposed Offer was subject to the approval of the board of directors of ZhongHong and the relevant authorities.

Subsequent to the above announcement and pending the approval of the Proposed Offer, the Company approached ZhongHong to propose the Proposed Placement and the Proposed Warrants Issue for the purposes of raising funds required for the Group's working capital requirements. On 27 November 2015, ZhongHong and the Company jointly announced that they have agreed on the terms of the Proposed Placement and Proposed Warrants Issue and the parties resolved not to proceed with the Proposed Offer.

The Proposed Placement will, by itself, upon completion, result in the ZhongHong Group to become the major Shareholder of the Company, with an aggregate shareholding interest of 63.5% of the enlarged issued Shares (excluding the Treasury Shares and before the exercise of any of the outstanding convertible securities). Upon the exercise of all the Tranche 1 Warrants and Tranche 2 Warrants, the ZhongHong Group will own 77.0% of the enlarged issued Shares (excluding the Treasury Shares and before the exercise of any of the convertible securities). If the outstanding convertible securities are fully exercised, then the ZhongHong Group's shareholding interest will be diluted slightly to 75.3% of the enlarged issued Shares. Please see Section 6.4 of this Letter on details of the dilution impact of the Proposed Placement and the Proposed Warrants Issue on the existing Shareholders.

Details of the Directors and Substantial Shareholders' interests in the Company are set out in paragraph 10 of the Circular.

### 3.4 Key financial information of the Group

The key financial information of the Group for the last five financial years ended 30 September 2015, from FY2011 to FY2015, is as follows:

S\$'000	FY2011	FY2012	FY2013	FY2014	FY2015
Revenue	102,266	90,396	86,248	90,006	88,182
Profit attributable to owners of the Company	(1,598)	(3,769)	(5,743)	(9,647)	(10,816)
Share capital	31,964	32,058	32,058	46,530	56,105
Equity attributable to owners of the Company	29,208	24,889	19,415	24,393	24,566

**Source:** The Company's annual reports for FY2012, FY2013, FY2014 and FY2015

The Group had been incurring increasing losses attributable to equity holders over the last five financial years ended 30 September 2015. As a result, the Group had carried out various fund raising exercises during FY2014 and FY2015 to improve its share capital base, including the placements of Shares to Beijing Tored (S\$8 million) and ZhongHong (S\$10 million) as described in Section 3.3 above.

In January 2013, the Company issued 59,731,708 bonus warrants to its Shareholders comprising 29,865,854 warrants in tranche 1 and 29,865,854 warrants in tranche 2. Each warrant confers the warrant holder the right to subscribe in cash, one new Share at an exercise price of S\$0.245 for tranche 1 and S\$0.273 for tranche 2. Tranche 1 warrants expired on 17 July 2014 and tranche 2 warrants is expiring on 15 July 2016, which is referred to above as the "2013 Warrants". As at 17 July 2014, 27,473,175 tranche 1 warrants have been exercised and the Company had raised approximately S\$6.7 million. As at the Announcement Date, 358,319 2013 Warrants have been exercised (which raised gross proceeds of approximately S\$98,000 for the Company) and 29,507,535 2013 Warrants remaining unexercised.

The Proposed Placement will raise significant amount of fresh equity for the Group with net proceeds of approximately S\$96.8 million. In the event that the Tranche 1 Warrants and Tranche 2 Warrants are fully exercised into the new Warrant Shares, the Group will raise further fresh equity of approximately S\$126.0 million.

#### Financial position of the Group as at 30 September 2015

Based on the Group's latest available audited financial information for FY2015, the financial position of the Group as at 30 September 2015 is as follows:

S\$'000	Audited As at 30 Sep 2015
<u>Non-current assets</u>	
Property, plant and equipment	5,932
Intangible assets	8,132
Other investments	85
Deferred tax assets	5
	<u>14,154</u>

<b>S\$'000</b>	<b>Audited As at 30 Sep 2015</b>
<b>Current assets</b>	
Inventories	4,996
Trade receivables	10,835
Prepaid operating expenses	2,003
Other receivables	2,148
Amounts due from other related parties	7
Fixed Deposits and cash pledged	2,974
Cash and cash equivalents	6,074
	<b>29,037</b>
<b>Current liabilities</b>	
Trade payables	3,494
Deferred income	4,782
Other payables	5,549
Obligations under finance leases	917
Income tax payable	38
	<b>14,780</b>
<b>Non-current liabilities</b>	
Obligations under finance leases	1,639
Deferred tax liabilities	3
	<b>1,642</b>
<b>Net assets</b>	<b>26,769</b>
<b>Equity</b>	
Share capital	56,105
Treasury shares	(3,124)
Accumulated losses	(28,792)
Share-based compensation reserve	13
Foreign currency translation reserve	(1,008)
Capital reserve	1,372
<b>Equity attributable to Shareholders of the Company / Net asset value ("NAV")</b>	<b>24,566</b>
Non-controlling interests	2,203
<b>Total equity</b>	<b>26,769</b>
<b>No. of outstanding Shares (excluding Treasury Shares)</b>	<b>350,588,286</b>
<b>NAV per Share</b>	<b>S\$0.070</b>
<b>Net tangible assets ("NTA") per Share (after deducting intangible assets)</b>	<b>S\$0.047</b>

*Source: The Company's annual report for FY2015*

As at 30 September 2015, the assets of the Group totalling S\$43.2 million comprised mainly trade receivables of S\$10.8 million (25.1% of total assets), cash and short term deposits of S\$9.0 million (21.0% of total assets) and intangible assets of S\$8.1 million (18.8% of total assets). The intangible assets comprised mainly S\$4.0 million of website development and software costs, and S\$2.5 million of contractual and legal rights over audio-visual materials.

The liabilities of the Group totalling S\$16.4 million consisted of mainly other payables at S\$5.5 million (33.8% of total liabilities), deferred income of S\$4.8 million (29.1% of total liabilities) which relates to revenue collected in advance of its fulfilment of services, and trade payables of S\$3.5 million (21.3% of total liabilities).

As at 30 September 2015, the NAV of the Group was S\$24.6 million (or S\$0.070 per Share) and the NTA of the Group was S\$16.4 million (or S\$0.047 per Share).

#### First quarter results for FY2016 (“1Q2016”)

On 13 February 2016, the Company released its unaudited interim results for 1Q2016. The Group reported a loss attributable to the owners of the Company of S\$1.5 million for 1Q2016 and reported lower NAV of S\$22.9 million and NAV per Share of S\$0.065 as compared to 30 September 2015 due mainly to the losses incurred in 1Q2016.

#### **4. SALIENT TERMS OF THE PROPOSED PLACEMENT AND PROPOSED WARRANTS ISSUE**

The details of the Proposed Placement and Proposed Warrants Issue are set out in paragraph 2 of the Circular. A summary of the key terms of the Proposed Placement and Proposed Warrants Issue is set out below for your reference:

##### **4.1 Overview**

The Placement Agreement relates to the issue of the following securities to the Placee:

- (i) 500,000,000 Placement Shares at the Placement Price of S\$0.20 each;
- (ii) 400,000,000 Tranche 1 Warrants, with each Tranche 1 Warrant carries the right to subscribe for one (1) Warrant Share at the initial exercise price of S\$0.24 within the Exercise Period of 3 years; and
- (iii) 100,000,000 Tranche 2 Warrants, with each Tranche 2 Warrant carries the right to subscribe for one (1) Warrant Share at the initial exercise price of S\$0.30 within the Exercise Period of 3 years.

The terms of the Placement Agreement were agreed upon based on arm's length negotiations between the Placee and the Company, and are based on commercial considerations made by the Company.

The Tranche 1 Warrants and Tranche 2 Warrants are issued free-of-charge to the Placee. The Placement Shares to be issued together with the Tranche 1 Warrants and Tranche 2 Warrants to the Placee are conditional upon one another. If Shareholders' approval for the issue of any of the securities is not obtained, then none of the securities will be issued.

##### **4.2 Proposed Placement**

The Placement Price of S\$0.20 represents a discount of approximately 15.2% to the volume weighted average price (“VWAP”) of S\$0.2358 for trades done on the SGX-ST for the full market day on 25 November 2015 (being the last full market day on which the Shares were last traded before the Placement Agreement was signed).

The Placement Shares will be issued free from all encumbrances and will rank *pari passu* in all respects with and carry all rights similar to the existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, accruing on a record date for determining such entitlements, which shall be the date which falls on or before the date of issue of the Placement Shares.

Upon the completion of the Proposed Placement, the Placee shall be entitled to nominate such number of individual equivalent to form the majority of the enlarged Board.

##### **4.3 Proposed Warrants Issue**

The key terms of the Tranche 1 Warrants, Tranche 2 Warrants and the Warrant Shares pursuant to the Proposed Warrants Issue are as follows:



Number of Warrants	400,000,000 Tranche 1 Warrants; and 100,000,000 Tranche 2 Warrants.
Exercise Price	(a) Tranche 1 Warrants – <b>S\$0.24</b> for each new Warrant Share; and (b) Tranche 2 Warrants – <b>S\$0.30</b> for each new Warrant Share, subject to adjustment(s) in accordance with the terms and conditions of the Warrants.  The exercise prices of S\$0.24 and S\$0.30 for the Tranche 1 Warrants and Tranche 2 Warrants respectively represent a premium of approximately 1.8% and 27.2% above the VWAP of S\$0.2358 for trades done on the SGX-ST on 25 November 2015.
Exercise Period	3-year period commencing on and including the date of issue of the Tranche 1 Warrants and Tranche 2 Warrants.
Status of the Warrant Shares	The Warrant Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of allotment and issue of the Warrant Shares.
Transfer and listing status	The Tranche 1 Warrants and Tranche 2 Warrants are not transferable and are not listed on any stock exchange.
Adjustments	The Exercise Prices of the Warrants and the number of Warrants are subject to adjustment in the event of, <i>inter alia</i> , rights, bonus or other capitalisation issues as provided for in the Placement Agreement. Any such adjustments shall (unless otherwise provided under the Listing Manual from time to time) be announced by the Company.
Issue price of the Warrants	The Warrants are to be issued free-of-charge to the Placee, and are to be issued together with the Placement Shares to the Placee.

#### 4.4 Conditions Precedent

The Proposed Placement is subject to, *inter alia*, the following conditions precedent:

- (i) the approval of RHT Capital Pte. Ltd., the Company's sponsor, and SGX-ST approval for the listing and quotation of the Placement Shares and Warrant Shares on the Catalist of the SGX-ST;
- (ii) the Shareholders' approval for the Proposed Placement, the Proposed Warrants Issue and the Proposed Whitewash Resolution;
- (iii) the SIC approval for the Proposed Whitewash Waiver; and
- (v) the Placee obtaining the necessary corporate approval and approval from all relevant authorities in the PRC to subscribe for the Placement Shares at the Placement Price in accordance with the terms of the Placement Agreement.

The detailed conditions precedent of the Placement Agreement are set out in paragraph 2.6 of the Circular.

If any of the conditions precedent set out above is not satisfied on or before the Long Stop Date of 31 March 2016 (or such other date as the Company and the Placee may agree in writing), the Company or the Placee shall be entitled to terminate the Placement Agreement by way of thirty (30) days' written notice to the other party.

The Company had on 22 February 2016 received a listing and quotation notice from the SGX-

ST for the listing of and quotation for the Placement Shares and the Warrant Shares on the Catalist (“**Placement LQN**”), subject to certain conditions as set out in paragraph 2.7 of the Circular. The Placement LQN is not to be taken as an indication of the merits of any of the Proposed Placement, the Placement Shares, Tranche 1 Warrants, Tranche 2 Warrants, the Company, its subsidiaries and their securities.

The Proposed Placement, Proposed Warrants Issue and Proposed Whitewash Resolution are subject to Shareholders’ approval by way of passing of the ordinary resolutions at the EGM. These resolutions are inter-conditional upon each other. If any one of the resolutions is not passed, then the Proposed Placement and the Proposed Warrants Issue will not be carried out.

## 5. THE PROPOSED WHITEWASH RESOLUTION

Pursuant to the Proposed Placement, the Placee will subscribe for 500,000,000 Shares, which represent approximately 142.6% of the total number of issued Shares as at the Announcement Date. Upon completion of the Proposed Placement, the ZhongHong Group will own approximately 63.5% of the enlarged number of issued Shares (excluding Treasury Shares) totalling 850,588,286 Shares after the Proposed Placement (and before the exercise of any of the convertible securities).

The allotment and issuance of the Placement Shares to the Placee will result in the ZhongHong Group crossing the Mandatory Offer Threshold and would result in the Placee and/or the ZhongHong Group having to make a Mandatory Offer. Accordingly, the Company had applied to the SIC for the Proposed Whitewash Waiver. The SIC had, on 28 January 2016, granted the Proposed Whitewash Waiver, subject to the satisfaction of certain conditions (“**SIC Conditions**”), including, *inter alia*, the following:

- (i) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the Proposed Placement, approve by way of a poll, the Proposed Whitewash Resolution;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) the Placee, parties acting in concert with it as well as parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (iv) the Placee and its concert parties did not acquire and are not to acquire any Shares or instruments convertible into, rights to subscribe for and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
  - (a) during the period between the Announcement Date and the date that Shareholders’ approval is obtained for the Proposed Whitewash Resolution; and
  - (b) in the six (6) months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Placement and the Proposed Warrants Issue;
- (v) the Company appoints an IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution;
- (vi) the Company sets out clearly in its Circular to Shareholders:
  - (a) details of the Proposed Placement and the Proposed Warrants Issue;
  - (b) the dilution effect to existing Shareholders of the issue of the Placement Shares and the Warrant Shares;

- (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into rights to subscribe for and options in respect of Shares held by the Placee and its concert parties as at the Latest Practicable Date;
- (d) the number and percentage of voting rights to be issued to the Placee and its concert parties upon the issue of the Placement Shares and the Warrant Shares;
- (e) specific and prominent reference to the fact that the issue of the Placement Shares and the Warrant Shares would result in the Placee and its concert parties holding Shares carrying over 49.0% of the voting rights of the Company based on its enlarged issued share capital, and that the Placee and its concert parties will thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company; and
- (f) a specific and prominent statement that the Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Placee at the highest price paid by the Placee for Shares in the past six (6) months preceding the commencement of the said offer;
- (vii) the Circular states that the waiver granted by the SIC to the Placee and parties acting in concert with it from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in paragraphs (i) to (vi) above;
- (viii) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, the acquisition of Placement Shares by the Placee pursuant to the Proposed Placement must be completed within three (3) months of the approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, all the above conditions imposed by the SIC, except for the conditions in (i) and (ix), have been satisfied.

The Independent Shareholders are therefore asked to vote, on a poll, on the Proposed Whitewash Resolution set out as Ordinary Resolution 3 in the Notice of EGM, included in the Circular.

**The Independent Directors should advise the Independent Shareholders that:**

- (a) **by voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 3), they will be waiving their rights to receive a general offer for their Shares from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group in the six (6) months preceding the commencement of the Proposed Placement;**
- (b) **the allotment and issue of the Placement Shares to the Placee, and if all the Warrants are fully exercised by the Placee, the allotment and issue of the Warrant Shares to the Placee will result in the Concert Party Group holding Shares carrying more than 49.0% of the total voting rights of the Company, based on its enlarged issued Shares, and that the Concert Party Group would thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company;**
- (c) **the Proposed Placement and the Proposed Warrants Issue are conditional upon them voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 3). In view of this, in the event that the Proposed Whitewash Resolution (Ordinary Resolution 3) is not passed by the Independent**

**Shareholders, the Proposed Placement and the Proposed Warrants Issue will not take place; and**

- (d) **the Whitewash Waiver from the SIC was obtained only in respect of the Placee's acquisition of the Placement Shares and not in respect of the Warrant Shares.**

We note that the whitewash waiver from the SIC was not obtained for the Warrant Shares. Arising from the above, it has been highlighted to the ZhongHong Group and the ZhongHong Group is aware that the waiver from any Mandatory Offers is only with respect to the subscription of the Placement Shares, and the Proposed Whitewash Waiver granted to the Placee is not transferable or assignable to another person.

## **6. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION**

In our evaluation of the Proposed Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Proposed Placement, Proposed Warrants Issue and the use of proceeds;
- (b) assessment of the terms of the Placement Shares;
- (c) assessment of the terms of the Tranche 1 Warrants and Tranche 2 Warrants;
- (d) dilution impact of the Proposed Placement and the Proposed Warrants Issue on the Independent Shareholders; and
- (e) other relevant considerations in relation to the Proposed Placement and Proposed Warrants Issue which may have a significant bearing on our assessment of the Proposed Whitewash Resolution.

### **6.1 Rationale for the Proposed Placement, Proposed Warrants Issue and the use of proceeds**

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Placement, the Proposed Warrants Issue or the future prospects of the Group after the Proposed Placement and the Proposed Warrants Issue. Nevertheless, we have reviewed the rationale by the Company as set out in paragraph 4 of the Circular.

The Company is proposing to undertake the Proposed Placement to improve its cash flow and to capitalise on any business opportunities as and when they arise and to leverage on ZhongHong's vast network and tourism resources in the PRC. No funds will be raised by the Company from the issue of the Warrants as they are to be issued free-of-charge together with the Placement Shares to the Placee.

The net amount from the proceeds of the Proposed Placement ("**Placement Proceeds**") is approximately S\$96.8 million. Assuming the Tranche 1 Warrants and Tranche 2 Warrants are fully exercised into the Warrants Shares, the Company would raise an additional amount of approximately S\$126.0 million ("**Warrants Proceeds**"). The Placement Proceeds and the Warrants Proceeds would amount to S\$222.8 million in total ("**Net Proceeds**").

The Company intends to utilise the entirety of the Net Proceeds for general working capital purposes, for (a) the Group's expansion of operations in China, including 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, and (b) to increase advertising & promotion expenses to scale up the Group's revenue in all market segments to revitalise the Group's business, as part of the Group's organic growth and turnaround strategy.

Separately, the Company had, on 29 December 2015, announced that it had entered into a loan agreement on 28 December 2015 with Chong Zhi Hong Kong Investment Limited (崇知香港投资有限公司) for a loan amount of up to RMB58,000,000 (S\$12,567,986) (“**Loan**”) to allow the Company to ramp up the Group’s operations in the PRC and for the bulk purchase of hotel rooms to improve the Group’s financial performance. As at the Latest Practicable Date, the Loan has not been disbursed to the Company and the Company does not intend to draw down on any part of the Loan. Accordingly, no part of the Placement Proceeds will be utilised to settle the Loan.

Please refer to paragraph 5.3 of the Circular for more information on the use of the Net Proceeds.

## **6.2 Assessment of the terms of the Placement Shares**

The Placement Shares is to be issued at the Placement Price of S\$0.20 per Placement Share, which represents a discount of 15.2% to the VWAP of S\$0.2358 for trades done on 25 November 2015, being the day when the Shares were last traded prior to the date of the Placement Agreement.

In assessing the Placement Price, we have considered the following:

- (i) the historical trading performance of the Shares; and
- (ii) the NTA per Share of the Group.

### **6.2.1 Historical trading performance of the Shares**

As described in Section 3.3 of this Letter, during the trading halt on 18 September 2015, the Company had announced the Proposed Offer from ZhongHong at the offer price of S\$0.30 per Share. The market Share price was presumably held up by the news of the Proposed Offer as following the release of the above announcement, the Shares were trading between S\$0.23 and S\$0.275 from 18 September 2015 to 25 November 2015, as compared to the trading Share prices prior to the announcement of the Proposed Offer. The Proposed Offer would have been an unconditional offer as ZhongHong would have acquired an aggregate 51.0% shareholding interests from the Specific Substantial Shareholders.

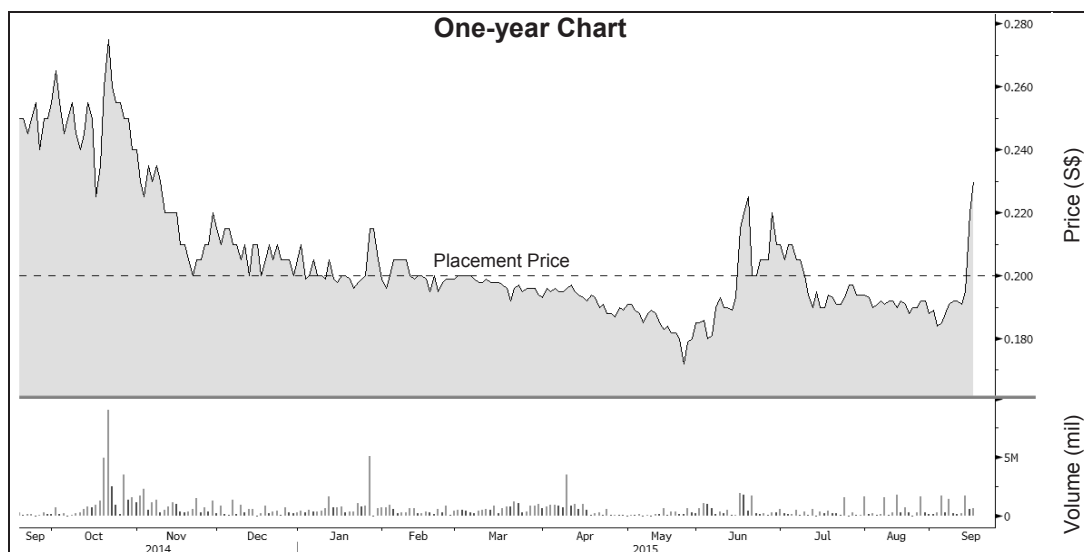
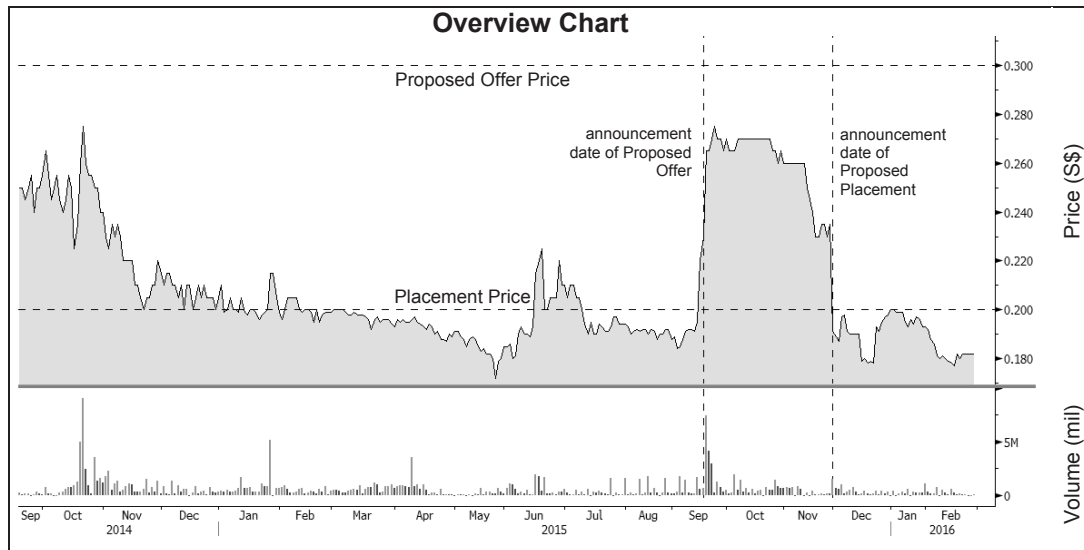
The Shares were halted from trading on 26 and 27 November 2015. On 27 November 2015, being the Announcement Date, the Company announced the Proposed Placement at S\$0.20 per Placement Share, the Proposed Warrants Issue, and that parties resolved not to proceed with the Proposed Offer. Consequently, the market Share price had also traded at lower prices, at below S\$0.20 since then. The Proposed Placement would result in the ZhongHong Group increasing its shareholding interest in the Company from 11.4% to 63.5% of the enlarged issued Shares and further increasing to 77.0% of the enlarged issued Shares if all the Tranche 1 Warrants and Tranche 2 Warrants were exercised into the Warrant Shares (assuming all the outstanding convertible securities are not exercised).

In view of the possible impact the above Proposed Offer may have on the market Share price performance, which could skew the analysis of the historical market price performance of the Shares, we have therefore assessed the Placement Price against the historical market price performance of the Shares and the historical share trading volume for the period one year prior to the announcement of the Proposed Offer.

For ease of reference, we have set out below the following 2 charts:

- (a) an overview chart which shows the daily last transacted prices and daily trading volume of the Shares from 17 September 2014 to the Latest Practicable Date (“**Overview Chart**”); and
- (b) the chart (“**One-year Chart**”) which shows the daily last transacted prices and daily trading volume of the Shares for the one-year period prior to the announcement of the

Proposed Offer, that is, from 17 September 2014 to 16 September 2015 (“**One-year Period**”). The Shares were halted for trading from mid-day on 16 September 2015 to around mid-day on 18 September 2015, for the purpose of the announcement of the Proposed Offer.



**Source:** Bloomberg L.P.

### Market Statistics

In addition to the One-year Chart above, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for that period:

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP <sup>(1)</sup> (S\$)	Premium / (Discount) of Placement Price over/(to) VWAP (%)	Number of traded days <sup>(2)</sup>	Average daily trading volume <sup>(3)</sup> ('000)	Average daily trading volume as a percentage of free float <sup>(4)</sup> (%)
<b>One-year Period</b>							
Last 1 year	0.285	0.163	0.212	(5.7)	238	587	0.42
Last 6 months	0.230	0.163	0.194	3.1	118	463	0.33
Last 3 months	0.230	0.176	0.196	2.0	58	454	0.33
Last 1 month	0.230	0.176	0.190	5.3	21	595	0.43

Source: Bloomberg L.P.

We have also tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for the period subsequent to the Announcement Date and up to the Latest Practicable Date:

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP <sup>(1)</sup> (S\$)	Premium / (Discount) of Placement Price over/(to) VWAP (%)	Number of traded days <sup>(2)</sup>	Average daily trading volume <sup>(3)</sup> ('000)	Average daily trading volume as a percentage of free float <sup>(4)</sup> (%)
<b>After the Announcement Date</b>							
From 30 November 2015 to the Latest Practicable Date	0.200	0.165	0.187	7.0	50	264	0.19
Latest Practicable Date	0.182	0.180	0.180	11.1	1	68	0.05

Source: Bloomberg L.P.

**Notes:**

- (1) The volume-weighted average price ("VWAP") for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P.. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. Off market transactions are excluded from the calculation;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is computed based on the total trading volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding trading days with full day trading halts) during that period; and
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of 138,868,020 Shares based on the free float of 39.61% as disclosed in the Company's FY2015 annual report.

Based on the above, we note the following:

- (i) with reference to the Overview Chart, the Share price performance during this period had traded between a low of S\$0.163 and a high of S\$0.280. During this period, the Shares had reached 2 high levels: (a) in October 2014 when the Company announced the placement shares to ZhongHong at the placement price of S\$0.25 per Share. The above placement was subsequently completed in April 2015 and the market Share price had then traded at below S\$0.20; and (b) in September 2015 when the Company announced the Proposed Offer.

- (ii) with reference to the One-year Chart, the Placement Price is close to the VWAP Share prices for the relevant periods, representing a slight discount of 5.7% to the 1-year VWAP Share price, and a slight premium of 5.3%, 2.0% and 3.1% above the 1-month, 3-months, 6-months VWAP Share price; and
- (iii) following the Announcement of the Proposed Placement, the Share price had trended downwards and traded at or below the Placement Price. As at the Latest Practicable Date, the Shares were last transacted at S\$0.182. The Placement Price represents a premium of 9.9% above the last transacted Share price as at the Latest Practicable Date.

### **6.2.2 NTA per Share of the Group**

In assessing the reasonableness of the Placement Price, we have considered using the earnings approach which is commonly used for the valuation of a profitable company as a going concern.

We note that the Group does not meet the above criteria as a profitable company on a going concern basis as the Group had incurred increasing losses over the last five financial years as explained in Section 3.4 of this Letter. Hence, the earnings approach cannot be meaningfully applied in assessing the reasonableness of the Placement Price.

Instead, we have assessed the Placement Price using the NTA approach, which shows the extent to which the value of each Share is backed by its net tangible assets. The NTA approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities, intangible assets of the group and non-controlling interests.

As disclosed in Section 3.4 of this Letter, based on the latest available audited financial information of the Group for FY2015, the Group has NAV of S\$24.6 million (or S\$0.070 per Share). After deducting intangible assets of S\$8.1 million, the Group has NTA of S\$16.4 million (or S\$0.047 per Share) as at 30 September 2015.

The Placement Price of S\$0.20 represents a significant premium of 185.7% above the NAV per Share and a premium of 325.5% above the NTA per Share.

Based on the last unaudited 1Q2016 results, the Placement Price represents a higher premium above the NAV per Share and NTA per Share as at 31 December 2015 compared to 30 September 2015.

### **6.3 Assessment of the terms of the Tranche 1 Warrants and Tranche 2 Warrants**

As observed in Section 6.2.1 of this Letter, the market Share price had been affected and held up by the Proposed Offer prior to the announcement of the Proposed Placement and the decision not to proceed with the Proposed Offer. Based on our analysis of the historical Share price performance from the One-year Chart, which is not affected by the Proposed Offer, the Placement Price is close to the historical 1-month, 3-month, 6-month and 1-year VWAP Share prices. Following the Announcement, the market Share price had trended down further. The Share price performance could also be affected, although not directly linked, by recent global events, including declining oil prices, reporting of poor economic data of certain major economies, threats of terrorism, which had affected the overall market sentiments of many of the key global markets including the SGX-ST.

The Exercise Prices of the Tranche 1 Warrants and Tranche 2 Warrants at S\$0.24 and S\$0.30 respectively, are out-of-the-money when compared with the VWAP Share prices of around S\$0.20 for the One-year Chart, and the VWAP Share price of S\$0.180 as at the Latest Practicable Date. The Exercise Prices of the Warrants represent the following premium above the VWAP Share prices as shown in the table below:



	<b>VWAP Share price based on the One- year Chart</b>  (S\$)	<b>Tranche 1 Warrants Exercise Price at S\$0.24</b>  Exercise Price premium above VWAP	<b>Tranche 2 Warrants Exercise Price at S\$0.30</b>  Exercise Price premium above VWAP
Last 1 year	0.212	13.2	41.5
Last 6 months	0.194	23.7	54.6
Last 3 months	0.196	22.4	53.1
Last 1 month	0.190	26.3	57.9
Latest Practicable Date	0.180	33.3	66.7

We have considered the valuation of the Warrants using the theoretical value of the warrants based on the Black-Scholes model, which is a common methodology used in the calculation of call warrants. The theoretical value of the warrants is a function of, *inter alia*, the exercise prices *vis-à-vis* the current price of the underlying shares, the exercise period of the warrants, the nature of the call option whether it is an European call option (which is only exercisable on a pre-determined exercise date) or an American call option (which can be exercised at any time prior to the expiry date of the warrant), the risk-free interest rate, the dividend yield of the shares and the price volatility of the underlying shares.

However, it should be noted that the Warrants to be issued to the Placee are not transferable and are not listed on any stock exchange. This would negate most of the value of the out-of-the-money Warrants, if any, as the time value of these Warrants could only be realised if the Placee could trade or arbitrage these Warrants in the open market. Hence, the valuation of the Warrants using the Black-Scholes model is not meaningful nor appropriate for the purpose.

As the Warrants are currently substantially out-of-the-money, it is unlikely that the Placee would be exercising these Warrants into the Warrant Shares. The benefit that the Placee would have from the holding of the Warrants is that it gives the Placee the right to exercise these Warrants at any time during the 3-year time period at the pre-determined Exercise Prices. In view of the size of the Warrants, which could potentially be exercised into 500 million new Shares over the 3-year period, this would result in a significant dilutive effect to the percentage shareholdings of existing Shareholders.

Nonetheless, it should be noted that the Placement Shares would have in the first instance enabled the ZhongHong Group to increase its shareholding interest in the Company from 11.4% to 63.5% of the enlarged issued Shares after the completion of the Placement Shares. The exercise of all the Warrants will enable the ZhongHong Group to further increase its shareholding interest in the Company to 77.0% of the enlarged issued Shares (excluding the Treasury Shares and assuming none of the outstanding convertible securities are exercised into the new Shares). At the shareholding level of 63.5%, the ZhongHong Group would be able to pass any ordinary resolution of the Company, except where such resolution pertains to interested person transactions where the ZhongHong Group and its associates are deemed as interested persons in the proposed transactions. Similarly, at the shareholding level of 75.0% and above, the ZhongHong Group will be able to pass any special resolution of the Company, other than proposed transactions where the ZhongHong Group is an interested person.

Please see Section 6.4 of this Letter on details of the dilutive impact of the Placement Shares and the Warrants Shares on the shareholding interest of existing Shareholders.

It should be noted that as the whitewash waiver has not been granted by the SIC to the Placee in respect of the Warrant Shares, the ZhongHong Group will have to observe any takeover obligations whenever it wishes to exercise the Warrants into the Warrant Shares, especially in situations where its shareholding interest in the Company falls below 50.0% and which may trigger any of the Mandatory Offer Threshold.

#### 6.4 Dilution impact of the Proposed Placement and the Proposed Warrants Issue on the Independent Shareholders

ZhongHong presently holds 11.4% of the Company's total issued Shares and the remaining 88.6% of the total number of issued Shares are held by the Independent Shareholders.

With the Proposed Placement and the potential issue of the Warrants Shares, all Shareholders except for the ZhongHong Group will suffer significant dilution to their existing shareholdings in the Company. The potential increase in the number of issued Shares is set out in the table below:

	Number of issued Shares
As at the Announcement Date	350,588,286
Upon the issuance of the Placement Shares to the Placee	500,000,000
<b>Sub-total (A)</b>	<b>850,588,286</b>
Upon the exercise of all the 2013 Warrants by Independent Shareholders	29,507,535
Upon the exercise of all the options pursuant to the 2011 Scheme deemed exercised by Independent Shareholders	300,000
Upon the issuance of the Tranche 1 Warrants and Tranche 2 Warrants by the Placee	500,000,000
<b>Total (B)</b>	<b>1,380,395,821</b>

We have considered the following two key scenarios in evaluating the dilutive impact on the percentage shareholdings of the Shareholders:

Scenario	Description
<b>A</b>	After the issuance of the Placement Shares but before the exercise of any of the outstanding convertible securities and the Warrants.  Total number of issued Shares = 850,588,286 (as per sub-total (A) above)
<b>B</b>	After the issuance of the Placement Shares and the full exercise of all the outstanding convertible securities and the Warrants.  Total number of issued Shares = 1,380,395,821 (as per total (B) above)

	Existing Shareholding		Scenario A		Scenario B	
	Shares held	%	Shares held	%	Shares held	%
ZhongHong Group	40,000,000	11.4	540,000,000	63.5	1,040,000,000	75.3
Independent Shareholders	310,588,286	88.6	310,588,286	36.5	340,395,821	24.7
<b>Total</b>	<b>350,588,286</b>	<b>100.0</b>	<b>850,588,286</b>	<b>100.0</b>	<b>1,380,395,821</b>	<b>100.0</b>

Based on the above scenarios, we note the following:

- (a) Under Scenario A, the ZhongHong Group will increase its shareholding interest in the Company from 11.4% to 63.5% after the issuance of the Placement Shares to the Placee. The Independent Shareholders will have their aggregate shareholding interests diluted from 88.6% to 36.5% of the enlarged issued Shares;

- (b) Upon the exercise of all the outstanding convertible securities, including the 2013 Warrants, the options granted pursuant to the 2011 Scheme and the 500,000,000 Warrant Shares, the ZhongHong Group will increase its shareholding interest in the Company further from 63.5% to 75.3%. This is based on the maximum dilution effect of all the convertible securities. The Independent Shareholders will have their aggregate shareholding interests diluted further from 36.5% to 24.7% of the enlarged issued Shares;
- (c) The ZhongHong Group will become the major Shareholder immediately after the Proposed Placement. Independent Shareholders should note that the Proposed Whitewash Waiver (in respect of the Placement Shares), if approved at the forthcoming EGM, will waive the requirement of the ZhongHong Group from making the Mandatory Offer for all the remaining Shares that the ZhongHong Group does not own at the highest price paid or agreed to be paid by the ZhongHong Group in the last six (6) months; and
- (d) As the ZhongHong Group would have acquired over 49.0% of the enlarged issued Shares after the Proposed Placement, the ZhongHong Group can thereafter be free to acquire further Shares, including the Warrant Shares from the exercise of the Warrants, without incurring any Mandatory Offer obligations.

## **6.5 Other relevant considerations in relation to the Proposed Placement and Proposed Warrants Issue which may have a significant bearing on our assessment of the Proposed Whitewash Resolution**

### **6.5.1 Financial effects of the Proposed Placement**

Details on the financial effects of the Proposed Placement and Proposed Warrants Issue on the Group are set out in paragraph 7 of the Circular and are based on the financial statements of the Group for FY2015 and certain assumptions stated therein. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Placement and Proposed Warrants Issue.

In summary, based on the audited financial statements for FY2015, we note the following:

- (a) the issued share capital of the Company will increase significantly due mainly to the net proceeds from the Placement Shares and will increase further from the proceeds raised from the exercise of any of the Warrants over the 3-year Exercise Period;
- (b) the NTA of the Group and NTA per Share will increase significantly as a result of the injection of fresh equity into the Group and as the issue price of the Placement Shares is higher than the NTA per Share as at 30 September 2015. The exercise of the Warrants, if any, will likewise bring in fresh equity capital to the Group and will increase the NTA of the Group and the NTA per Share based on the financial information as at 30 September 2015;
- (c) the issuance of the Placement Shares and potentially the Warrant Shares will have an immediate dilutive effect on the loss per Share. The future effect of the Proposed Placement and issue of the Warrants Shares on the Group's earnings will depend on the returns from the deployment of the Placement Proceeds and the Warrants Proceeds, and is not determinable at this point in time; and
- (d) the gearing of the Group will be reduced significantly as a result of the Placement Proceeds and the Warrant Proceeds.

### **6.5.2 The Proposed Placement and Proposed Warrants Issue are conditional upon, *inter alia*, the approval of the Independent Shareholders for the Proposed Whitewash Resolution**

The Proposed Placement, Proposed Warrants Issue and the Proposed Whitewash Resolution are subject to Shareholders' approval at the forthcoming EGM, and are all inter-conditional. If any of the resolutions for the above transactions is not approved by Shareholders at the EGM, the Proposed Placement and the Proposed Warrants Issue will not proceed further.

### **6.5.3 The ZhongHong Group becoming the major Shareholder of the Company**

We note that the Proposed Offer, if it had proceeded to completion, would have resulted in (a) the ZhongHong Group becoming the major Shareholder of the Company and (b) the exit of the Specific Substantial Shareholders as Shareholders. Remaining Shareholders would also have the opportunity to exit from their investment in the Company at the proposed offer price of S\$0.30 per Share. The Proposed Offer, however, would not have any immediate impact on the financials of the Group and would not help to alleviate the funding needs of the Group as it was not a fund raising exercise for the Group.

In contrast, the Proposed Placement is a fund raising exercise for the Group, wholly contributed by the ZhongHong Group. The Proposed Warrants Issue is structured with the Exercise Prices which are at significant premia above the relevant market share prices as shown in Section 6.3 of this Letter.

With the Proposed Placement, the ZhongHong Group will be entitled to form the majority of the enlarged Board of the Company.

We believe the significant contribution by the ZhongHong Group and their majority participation at Board level demonstrate its commitment to and confidence in the prospects of the Group.

## **7. OUR OPINION**

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

- (a) rationale for the Proposed Placement, Proposed Warrants Issue and the use of proceeds;
- (b) assessment of the terms of the Placement Shares;
- (c) assessment of the terms of the Tranche 1 Warrants and Tranche 2 Warrants;
- (d) dilution impact of the Proposed Placement and the Proposed Warrants Issue on the Independent Shareholders; and
- (e) other relevant considerations in relation to the Proposed Placement and Proposed Warrants Issue which may have a significant bearing on our assessment of the Proposed Whitewash Resolution.

**Overall, based on our analysis and after having considered carefully the information available to us, we are of the view that the Proposed Whitewash Resolution (in respect of the Placement Shares), when considered in the context of the Proposed Placement and Proposed Warrants Issue, is fair and reasonable, and is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.**

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and does not reflect any projections

of future financial performance of the Company or the Group after the completion of the Proposed Placement and Proposed Warrants Issue. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Proposed Whitewash Resolution.

This Letter is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Proposed Whitewash Resolution. The recommendation to be made by the Independent Directors to the Independent Shareholders shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM and for the purpose of the Proposed Whitewash Resolution, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**PROVENANCE CAPITAL PTE. LTD.**

Wong Bee Eng  
Chief Executive Officer

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## Asiatravel.com



**ASIATRavel.COM HOLDINGS LTD**

(Company Registration No.: 199907534E)  
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the Company will be held at 743 Lorong 5 Toa Payoh, Level 2, Singapore 319457 on 18 March 2016 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolutions as set out below.

All capitalised terms in the resolutions below and defined in the Circular dated 3 March 2016 to the shareholders of the Company (the “**Circular**”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.

**Shareholders should note that the passing of Ordinary Resolutions 1, 2, and 3 set out in the Notice of EGM are inter-conditional. This means that if any one of Ordinary Resolutions 1, 2, and 3 is not approved, the other resolutions will not be passed.**

### **ORDINARY RESOLUTION 1 – PROPOSED PLACEMENT**

Resolved that, subject to and contingent upon the passing of Ordinary Resolutions 2 and 3:

- (a) approval be and is hereby given for the allotment and issue of 500,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) to Zhong Hong New World Investment Limited (the “**Placee**”) at a placement price of S\$0.20 per Placement Share pursuant to the placement agreement dated 26 November 2015 (the “**Placement Agreement**”) entered into between the Company and the Placee (the “**Proposed Placement**”); and
- (b) the directors of the Company (“**Directors**”) and each of them be and are hereby authorised to implement, effect and complete, and to do all such acts and things (including executing all such documents as may be required in connection with the Proposed Placement) as the Directors or any of them may consider necessary, desirable or expedient to give effect to this resolution as they or he may think fit.

*Note: ZhongHong will, and will procure that its associates to, abstain from voting on this Ordinary Resolution 1 in respect of their shareholding, and will not accept nomination as proxies unless specific instructions have been given in the Proxy Form by the Shareholders appointing them on how they wish their votes to be cast.*

### **ORDINARY RESOLUTION 2 – PROPOSED WARRANTS ISSUE**

Resolved that, subject to and contingent upon the passing of Ordinary Resolutions 1 and 3:

- (a) approval be and is hereby given for the creation, allotment and issue of 400,000,000 non-listed, non-transferable warrants to the Placee, each carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**Warrant Shares**”) at an exercise price of S\$0.24 per Warrant Share (the “**Tranche 1 Warrants**”), and a further 100,000,000 non-listed, non-transferable warrants to the Placee, each carrying the right to subscribe for one (1) Warrant Share at an exercise price of S\$0.30 per Warrant Share (the “**Tranche 2 Warrants**”, and together with the Tranche 1 Warrants, the “**Warrants**”) pursuant to the Placement Agreement (which shall be subject to adjustment under such circumstances as may be provided in the terms and conditions of the Warrants), such Warrants to be exercised during the Exercise Period (as defined in the circular to shareholders of the Company (“**Shareholders**”) dated 3 March 2016), and on such other terms and conditions as the Directors may in their absolute discretion and from time to time deem fit (the “**Proposed Warrants Issue**”);
- (b) approval be and is hereby given for the creation, allotment and issue of such additional warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants (any such further warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Warrants);
- (c) approval be and is hereby given for the allotment and issue (notwithstanding that the issue thereof may take place after the next or ensuing annual or other general meeting of the Company):
  - (i) upon exercise of the Warrants, such number of Warrant Shares as may be required or permitted to be allotted and issued on the exercise of the Warrants, subject to and in accordance with the terms and conditions of the Warrants; and
  - (ii) on the same basis as sub-paragraph (i) above, such further Warrant Shares as may be required to be allotted and issued on the exercise of any additional warrants referred to in paragraph (b) above,

in each case, such Warrant Shares to be credited as fully paid when issued and to rank *pari passu* in all respects with the then existing ordinary shares in the capital of the Company (“**Shares**”), save for any dividends, rights, allotments or other distributions the record date for which falls before the date of allotment and issue of the Warrant Shares, unless otherwise provided in the terms and conditions of the Warrants; and

- (d) the Directors and each of them be and are hereby authorised to implement, effect and complete, and to do all such acts and things (including executing all such documents as may be required in connection with the Proposed Warrants Issue) as the Directors or any of them may consider necessary, desirable or expedient to give effect to this resolution as they or he may think fit.

*Note: ZhongHong will, and will procure that its associates to, abstain from voting on this Ordinary Resolution 2 in respect of their shareholding, and will not accept nomination as proxies unless specific instructions have been given in the Proxy Form by the Shareholders appointing them on how they wish their votes to be cast.*

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## ORDINARY RESOLUTION 3 –PROPOSED WHITEWASH RESOLUTION

Resolved that, subject to and contingent upon the passing of Ordinary Resolutions 1 and 2 above, and the conditions in the letter from the Securities Industry Council dated 28 January 2016 being fulfilled, the Shareholders do hereby (on a poll taken), unconditionally and irrevocably waive their rights to receive a general offer from the Placee and the parties acting in concert with him in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers, for all the Shares not already owned or agreed to be acquired by the Placee and parties acting in concert with it, as a result of the Proposed Placement at the highest price per Share paid or agreed to be paid by the Placee and parties acting in concert with it in the six (6) months preceding the commencement of the Proposed Placement.

*Note: The Placee and parties acting in concert with it as well as parties not independent of them will abstain from voting on this Ordinary Resolution 3 in respect of their holding of Shares, and shall not accept nomination as proxies or otherwise for voting on this Ordinary Resolution 3 unless specific instructions have been given in the Proxy Form by the Shareholders appointing them on how they wish their votes to be cast.*

## BY ORDER OF THE BOARD

Shirley Tan Sey Liy  
Company Secretary

Singapore, 3 March 2016

## NOTES:

- 1) A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- 2) Where a member (other than a Relevant Intermediary\*) appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
- 3) A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
- 4) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.
- 5) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 615 Lorong 4 Toa Payoh, #01-01 Storhub, Singapore 319516, at least 48 hours before the time fixed for the EGM.

\* A Relevant Intermediary is:

- a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## PERSONAL DATA PROTECTION:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

**PROXY FORM**  
**EXTRAORDINARY GENERAL MEETING**  
*(Please see notes overleaf before completing this Proxy Form)*

**IMPORTANT:**

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_ (Name), \_\_\_\_\_ (NRIC, Passport No.)  
of \_\_\_\_\_ (Address)

being a member/members of **Asiatravel.com Holdings Ltd** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as \*my/our proxy/proxies to vote for \*me/us on \*my/our behalf, at the Extraordinary General Meeting of the Company to be held at 743 Lorong 5 Toa Payoh, Level 2, Singapore 319457 on 18 March 2016 at 10:00 a.m. and at any adjournment thereof. I/ We\* direct my/our\* proxy/proxies\* to vote for or against the Resolutions proposed at the Extraordinary General Meeting as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain from voting as \*he/they may think fit, as he/they will on any other matter arising at the Extraordinary General Meeting.

(If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Ordinary Resolutions	For*	Against*
1	To approve the Proposed Placement		
2	To approve the Proposed Warrants Issue		
3	To approve the Proposed Whitewash Resolution		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Total Number of Shares Held	
CDP Register	
Register of Members	

\_\_\_\_\_  
*Signature(s) of Member(s)*  
*or, Common Seal of Corporate Shareholder*

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE.**

**NOTES:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary\*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
3. Where a member (other than a Relevant Intermediary\*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 615 Lorong 4 Toa Payoh, #01-01 Storhub, Singapore 319516 not less than forty-eight (48) hours before the time appointed for the Extraordinary General Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Extraordinary General Meeting in person. CPF and SRS Investors who are unable to attend the Extraordinary General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Extraordinary General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Extraordinary General Meeting.

\* A Relevant Intermediary is:

- a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**GENERAL:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**PERSONAL DATA PROTECTION:**

By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 3 March 2016.

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