

CIRCULAR DATED 5 JULY 2017

**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 Mr Mah How Soon, Registered Professional, at Six Battery Road, #10-01 Singapore 049909, Tel: (65) 6381 6757.



Asiatravel.com Holdings Ltd
Company Registration No. 199907534E
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

In relation to:

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

**Independent Financial Adviser to the Audit Committee in relation to the
Interested Person Transaction:**



SAC CAPITAL PRIVATE LIMITED
(Company Registration No.: 200401542N)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : **19 July 2017 at 9.30a.m.**
Date and time of Extraordinary General Meeting : **21 July 2017 at 9.30a.m.**
Place of Extraordinary General Meeting : **743 Lorong 5 Toa Payoh, Level 2, Singapore 319457**

CONTENTS

DEFINITIONS	3
LETTER TO SHAREHOLDERS.....	6
1. INTRODUCTION	6
2. RATIONALE OF SEEKING SHAREHOLDERS' APPROVAL	7
3. THE PROPOSED CONVERTIBLE NOTE ISSUE	8
4. PROPOSED CONVERTIBLE NOTE ISSUE AS AN INTERESTED PERSON TRANSACTION.....	15
5. OPINION OF THE INDEPENDENT FINANCIAL ADVISER.....	17
6. STATEMENT OF THE AUDIT COMMITTEE.....	17
7. FINANCIAL EFFECTS OF THE PROPOSED CONVERTIBLE NOTE ISSUE.....	17
8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	18
9. THE TAKE-OVER CODE	19
10. DIRECTORS' RECOMMENDATIONS	19
11. EXTRAORDINARY GENERAL MEETING.....	20
12. ABSTENTION FROM VOTING	20
13. ACTION TO BE TAKEN BY SHAREHOLDERS.....	20
14. CONSENT.....	21
15. DIRECTORS' RESPONSIBILITY STATEMENT.....	21
16. INSPECTION OF DOCUMENTS	21
APPENDIX A – IFA LETTER.....	A-1
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	N-1
PROXY FORM.....	P-1

DEFINITIONS

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

“Act”	: The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
“Annual Report”	: Annual Report of the Company for the financial year ended 30 September 2016
“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
“Audit Committee”	: The audit committee of the Board
“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 5 July 2017
“Company” or “Issuer”	: Asiatravel.com Holdings Ltd
“Controlling Shareholder”	: A person who: <ul style="list-style-type: none">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); orb) in fact exercises control over the Company
“Conversion Price”	: The price at which Issuer’s New Shares of the Company will be issued upon exercise of the Conversion Right, which will initially be S\$0.12 per Issuer’s New Share, but will be subject to adjustment in the manner provided in the Note Conditions and as set out in Section 3.3 in this Circular
“Conversion Right”	: The right of a Noteholder to convert such Note into Issuer’s New Shares
“Convertible Note Subscription Agreement”	: The subscription agreement between the Company and the Subscriber in relation to the Note dated 16 May 2017
“Director”	: A person holding office as a director for the time being of the Company
“EGM”	: The extraordinary general meeting of the Company to be held on 21 July 2017 at 9.30 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
“EPS”	: Earnings per Share
“FY”	: Financial year ended or ending 30 September
“Group”	: The Company and its Subsidiaries
“IFA”	: SAC Capital Private Limited, being the independent financial adviser in connection with the Proposed Convertible Note Issue as an interested person transaction
“IFA Letter”	: The letter from the IFA to the Audit Committee dated 5 July 2017, as set out in Appendix A to this Circular
“Independent Directors”	: Directors who are regarded as independent in respect of the Proposed Convertible Note Issue and Proposed IPT Resolution, namely Mr. Boh Tuang Poh, Mr. Wang Yongli, Ms. Heng Su-Ling Mae, Mr. Tan Kheng Lee Arnold and Mr. Guok Chin Huat Samuel

“Independent Shareholders”	: The Shareholders who are not associated with or connected to and are independent of the Subscriber and its concert parties, for the purpose of the Proposed IPT Resolution and the Proposed Convertible Note Issue Resolution.
“immediate family”	: Immediate family in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Issuer’s New Shares”	: Such number of new Shares to be issued by the Company to the Noteholders upon the conversion of the Note on the terms of the Convertible Note Subscription Agreement and subject to the Note Conditions (including any further Shares to be issued to the Noteholders pursuant to any adjustment in accordance with the Note Conditions), such Issuer’s New Shares to rank <i>pari passu</i> in all respects with all other existing Shares
“Latest Practicable Date”	: 28 June 2017, being the latest practicable date prior to the printing of this Circular
“Listing Approval”	: Means the receipt of the listing and quotation notice from the SGX-ST for the listing of the Issuer’s New Shares
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Maturity Date”	: Has the meaning ascribed to it in Section 3.1 of this Circular
“Noteholder”	: Has the meaning ascribed to it in Section 3.1 of this Circular
“Note”	: The convertible note of up to S\$10,000,000 in aggregate principal amount to be issued to the Subscriber pursuant to the Note Conditions
“Note Conditions”	: The conditions to the Note pursuant to the Convertible Note Subscription Agreement, a summary of which is set out in Section 3 of this Circular
“NTA”	: Net tangible assets
“Proposed Convertible Note Issue”	: The proposed issuance of the Note to the Subscriber on the terms and subject to the conditions of the Convertible Note Subscription Agreement
“Proposed Convertible Note Issue Resolution”	: The proposed resolution for the Proposed Convertible Note Issue
“Proposed IPT Resolution”	: The proposed resolution for the Proposed Convertible Note Issue to proceed as an interested person transaction pursuant to Chapter 9 of the Catalist Rules
“PRC”	: The People’s Republic of China
“Register of Members”	: The principal register of members (duly registered holders of Shares)
“SFA”	: The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shares”	: Ordinary shares in the capital of the Company
“Shareholders”	: Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” 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
“SIC”	: Securities Industry Council
“Sponsor”	: RHT Capital Pte. Ltd.
“Subscriber”	: Zhonghong Holding Co., Ltd.
“Substantial Shareholder”	: A shareholder who has an interest in five per cent. (5%) or more of the total issued share capital of the Company
“Take-over Code”	: Singapore Code on Takeovers and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended
“treasury shares”	: 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
“\$” or “S\$” and “cents”	: Singapore dollar and cents respectively
“%” or “per cent.”	: 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 are 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:

Mr. Boh Tuang Poh (Executive Chairman and Chief Executive Officer)
Mr. Liu Zuming (Non-Executive Director)
Mr. Wang Yongli (Non-Executive Director)
Ms. Heng Su-Ling Mae (Lead Independent Director)
Mr. Tan Kheng Lee Arnold (Independent Director)
Mr. Guok Chin Huat Samuel (Independent Director)

Registered Office:

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

5 July 2017

To: The Shareholders of Asiatravel.com Holdings Ltd

Dear Sir/Madam

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

1. INTRODUCTION

1.1 Proposed Convertible Note Issue

On 16 May 2017, the Company announced the proposed issuance of up to S\$10,000,000 in aggregate principal amount of convertible note due 3 years from the issuance of the Note to the Subscriber pursuant to the Convertible Note Subscription Agreement.

1.2 Shareholders' Approval

The Directors are convening the EGM to seek the approval of Shareholders for:

- 1.2.1 the Proposed Convertible Note Issue in accordance with Rules 811 and 812 of the Catalist Rules; and
- 1.2.2 the Proposed IPT Resolution in accordance with Rule 906 of the Catalist Rules.

1.3 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 Issuer's New Shares. The Company had on 29 June 2017 received a listing and quotation notice from the SGX-ST for the listing of and quotation for the Issuer's New Shares on the Catalist (the "LQN"), subject to the conditions set out in the LQN as follows:

- (a) the Company's compliance with the Catalist Rules; and
- (b) Shareholders' approval to be obtained for the Proposed Convertible Note Issue at the EGM of the Company to be convened.

The LQN is not to be taken as an indication of the merits of the Proposed Convertible Note Issue, the Note, the Issuer's New Shares, 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.

1.4 Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Convertible Note Issue Resolution and the Proposed IPT Resolution to be tabled at the EGM to be held on 21 July 2017, notice of which is set out on pages N-1 to N-2 of this Circular.

2. RATIONALE OF SEEKING SHAREHOLDERS' APPROVAL

2.1 Rationale of the Proposed Convertible Note Issue

The Company proposes to raise S\$10,000,000 through the issuance of an unsecured convertible note to be subscribed for by the Subscriber.

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

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

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

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

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

2.2 Information on the Subscriber

The Subscriber is a company incorporated in the PRC. It is principally involved in the business of real estate and development. As at the Latest Practicable Date, the Subscriber is deemed interested in a total of 128,500,000 Shares held by its subsidiary, Zhong Hong New World International Limited, and its nominees, representing 29.70% of the issued share capital of the Company, and is a Controlling Shareholder of the Company.

2.3 Rule 805 of the Catalyst Rules

Rule 805 of the Catalyst 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%.*

Accordingly, the Directors propose to seek Shareholders' approval for the Proposed Convertible Note Issue pursuant to Rule 805(1) of the Catalyst Rules.

2.4 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.*

As the Subscriber is a Controlling Shareholder of the Company, the Proposed Convertible Note Issue and the issue and allotment of the Issuer's New Shares will need to be specifically approved by the Shareholders. The Company will be seeking Shareholders' approval for the Proposed Convertible Note Issue at the EGM to be convened pursuant to Rule 812(1) and 812(2) of the Catalyst Rules. Please refer to Section 3 of this Circular for further details on the Proposed Convertible Note Issue.

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

3. THE PROPOSED CONVERTIBLE NOTE ISSUE

3.1 Summary of the Proposed Convertible Note Issue

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

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

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

Conversion Price : S\$0.12, such Conversion Price shall be subject to adjustment in the manner provided in Section 3.3 of the circular.

The Conversion Price represents a premium of approximately 66.67% to the weighted average price of S\$0.072⁽¹⁾ for trades done on the SGX-ST on 15 May 2017, being the full market day preceding the date on which the Convertible Note Subscription Agreement is signed.

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

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

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

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

Redemption : The Note will not be redeemable.

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

Governing Law : Singapore law.

Notes:-

⁽¹⁾ This is based on the weighted average price for trades done on 12 May 2017, as there were no trades on the 15 May 2017 (being the full market day preceding the date on which the Convertible Note Subscription Agreement is signed).

3.2 Conditions to the subscription of the Note

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

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

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

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

3.3 Adjustment to the Conversion Price

The Conversion Price will be subject to adjustment following the occurrence of certain events. For the purposes of this Section 3.3, the following definitions apply:

"NCP" : Means the new Conversion Price.

"OCP" : Means the old Conversion Price.

"Capital Distribution" : Means (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Issuer's Shares or other securities credited as fully or partly paid (other than Issuer's Shares credited as fully paid by way of capitalisation of reserves)); and (ii) any cash dividend or distribution of any kind by the Issuer for any financial period (whenever paid and however described).

“Current Market Price” : Means, in respect of an Issuer’s Share at a particular time on a particular date, the average of the daily volume-weighted average prices quoted by the SGX-ST for one (1) Issuer’s Share (being an Issuer’s Share carrying full entitlement to dividend) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said twenty (20) Trading Day period the Issuer’s Shares shall have been quoted ex-dividend and during some other part of that period the Issuer’s Shares shall have been quoted cum-dividend then:

- (i) if the Issuer’s Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Issuer’s Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the Fair Market Value thereof reduced by an amount equal to the amount of that dividend per Issuer’s Share; or
- (ii) if the Issuer’s Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Issuer’s Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

and provided further that if the Issuer’s Shares on each of the said twenty (20) Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Issuer’s Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Issuer’s Share;

and provided further that:

- (a) if such daily volume-weighted average prices are not available on each of the twenty (20) Trading Days during the Relevant Period, then the arithmetic average of such daily volume-weighted average prices which are available in the Relevant Period shall be used (subject to a minimum of two (2) such daily volume-weighted average prices); and
- (b) if only one (1) or no such daily volume-weighted average prices is available in the Relevant Period, then the Current Market Price shall be determined in good faith by a leading investment bank of international repute or an independent auditor (acting as an expert) appointed by the Issuer.

“Dividend” : Means any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes, without limitation, an issue of Issuer’s Shares or other securities credited as fully or partly paid up) provided that:

- (i) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Issuer’s Shares be, satisfied by the issue or delivery of Issuer’s Shares or other property or assets, then, the Dividend in question shall be treated as a Dividend of (a) the cash Dividend so announced or (b) the Current Market Price on the date of announcement of such Dividend, of such Issuer’s Shares or the Fair Market Value of other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of Issuer’s Shares elected therefor, regardless of whether any such election is made) if the Current Market Price of such Issuer’s Shares or the Fair Market Value of other property or assets is greater than the cash Dividend so announced; and
- (ii) any issue of Issuer’s Shares falling within the Condition in Section 3.3(b) or 3.3(c) shall be disregarded.

“Fair Market Value” : Means, with respect to any assets, securities, options, warrants or other rights on any date, the fair market value of that asset, security, option, warrant or other right as determined in good faith by a leading investment bank of international repute or an independent auditor (acting as an expert), selected by the Issuer provided that (i) the fair market value of a cash Dividend paid or to be paid per Issuer’s Share shall be the amount of such cash Dividend per Issuer’s Share determined as at the date of announcement of such Dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment bank or auditor) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily volume-weighted average prices of such options, warrants or other rights during the period of five (5) Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded.

“Relevant Period” : Means the period beginning on the 30th Trading Day prior to the record day for the first dividend or distribution, and ending on the Trading Day immediately preceding the record date for the latest dividend or distribution, which when aggregated with any intervening dividends or distributions, causes an adjustment to the Conversion Price to be made pursuant to the Conditions set out in this Section 3.3.

“Record Date” : Means, in relation to the relevant transaction, the date as at the close of business (or such other time as may be notified by the Issuer) on which the Shareholders must be registered as such to participate therein.

- (a) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the number of the Issuer’s Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} \times \frac{\text{NSB}}{\text{NSA}}$$

where:

NSB : is the aggregate number of Issuer’s Shares immediately before such alteration; and

NSA : is the aggregate number of Issuer’s Shares immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (b) *Capitalisation of profits or reserves*:

- (i) If and whenever the Issuer shall issue any Issuer’s Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves including Issuer’s Shares paid up out of distributable profits or reserves, save where Issuer’s Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the **“Relevant Cash Dividend”**), being a dividend which the Shareholders concerned would or could otherwise have received (a **“Scrip Dividend”**) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} \times \frac{\text{NSB}}{\text{NSA}}$$

where:

NSB : is the aggregate number of Issuer’s Shares immediately before such alteration; and

NSA : is the number of Issuer’s Shares immediately after such alteration.

- (ii) In the case of an issue of Issuer’s Shares by way of a Scrip Dividend where the Current Market Price of such Issuer’s Shares exceeds one hundred and five (105.0) per cent of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} \times \left(\frac{\text{NSB} + (\text{NSLD} \times \frac{\text{RCD}}{\text{CMP}})}{\text{NSB} + \text{NSLD}} \right)$$

where:

NSB : is the aggregate number of Issuer’s Shares immediately before such alteration;

NSLD : is the aggregate number of Issuer’s Shares issued by way of such Scrip Dividend;

RCD : is the Relevant Cash Dividend or the relevant part thereof; and

CMP : is the Current Market Price of the Issuer’s Shares issued by way of Scrip Dividend in lieu of the whole, or the relevant part, of the Relevant Cash Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (c) *Capital Distribution*: If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except where the Conversion Price falls to be adjusted under the above Condition in Section 3.3(b)), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left(\frac{CMP - FMV}{CMP} \right)$$

where:

- CMP : is the Current Market Price of one (1) Issuer's Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and
- FMV : is the Fair Market Value on the date of such announcement, of the portion of the Capital Distribution attributable to one (1) Issuer's Share.

Such adjustment shall become effective on the date that such Capital Distribution is made.

Where the Capital Distribution is by means of distribution of a cash dividend, only such portion of cash dividend or distribution which exceeds any distribution in cash in respect of Issuer's Shares arising out of 25% of the Issuer's distributable earnings and profits of the current financial year (the "**excess portion**") shall be regarded as Capital Distribution and only the excess portion shall be taken into account in the determination of the Fair Market Value of the portion of the Capital Distribution attributable to one (1) Issuer's Share.

- (d) *Rights Issues of Shares or Options over Shares*: If and whenever the Issuer shall issue Issuer's Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, options, warrants or other rights to subscribe for or purchase any Issuer's Shares, in each case at less than ninety five (95.0) per cent of the Current Market Price (as defined above) per Issuer's Share on the last Trading Day preceding the date of the announcement of the terms of such issue or grant, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left(\frac{NSB + NSLI}{NSB + NSI} \right)$$

where:

- NSB : is the aggregate number of Issuer's Shares immediately before such alteration;
- NSLI : is the number of Issuer's Shares which the aggregate amount (if any) payable for the Issuer's Shares issued by way of rights or for the options or warrants or other rights issued by way of rights would have obtained had such Issuer's Shares or options or warrants or other rights issued by way of rights been purchased at the Current Market Price per Issuer's Share at the time of such alteration; and
- NSI : is the aggregate number of Issuer's Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (e) *Rights Issues of Other Securities*: If and whenever the Issuer shall issue any securities (other than Issuer's Shares or options, warrants or other rights to subscribe for or purchase Issuer's Shares) to all or substantially all Shareholders as a class, by way of rights, or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase, any securities (other than Issuer's Shares or options, warrants or other rights to subscribe for or purchase Issuer's Shares), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left(\frac{CMP - FMV}{CMP} \right)$$

where:

- CMP : is the Current Market Price of one (1) Issuer's Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- FMV : is the Fair Market Value on the date of such announcement, of the portion of the rights attributable to one (1) Issuer's Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (f) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in the above Condition in Section 3.3(d)) wholly for cash any Issuer's Shares (other than Issuer's Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Issuer's Shares) or issue or grant (otherwise as mentioned in the above Condition in Section 3.3(d)) options, warrants or other rights to subscribe for or purchase Issuer's Shares in each case at a price per Issuer's Share which is less than ninety five (95.0) per cent of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left(\frac{NSB + NS(CMP)}{NSA} \right)$$

where:

- NSB : is the aggregate number of Issuer's Shares immediately before such alteration;
- NS (CMP) : is the number of Issuer's Shares which the aggregate consideration receivable for the issue of such additional Issuer's Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Issuer's Shares would have obtained had such additional Issuer's Shares or options or warrants or other rights been purchased at the Current Market Price per Issuer's Share at the time of such alteration; and
- NSA : is the aggregate number of Issuer's Shares immediately after such alteration.

References to additional Issuer's Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Issuer's Shares, mean such Issuer's Shares to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Issuer's Shares or, as the case may be, the grant of such options, warrants or other rights.

- (g) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this Condition, the issue wholly for cash by the Issuer or any Subsidiary (otherwise than as mentioned in the Conditions in Section 3.3 (d), (e) and (f) above) or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity of any securities (other than the Note) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Issuer's Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Issuer's Share which is less than ninety five (95) per cent of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities.

In such an event, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left(\frac{NSB + NS(CMP)}{NSB + NS(ICP)} \right)$$

where:

- NSB : is the aggregate number of Issuer's Shares immediately before such alteration;
- NS (CMP) : is the number of Issuer's Shares which the aggregate consideration receivable by the Issuer for the Issuer's Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would have obtained had such conversion or exchange or exercise of the right of subscription been effected at the Current Market Price per Issuer's Share at the time of such alteration; and
- NS (ICP) : is the maximum number of Issuer's Shares to be issued had such conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto been effected at the initial conversion or exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (h) *Modification of Rights of Conversion etc:* Any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in the Condition in Section 3.3(g) (other than in accordance with the terms applicable to such securities) so that the consideration per Issuer's Share (for the number of Issuer's Shares available on conversion, exchange or subscription following the modification) is less than ninety five (95.0) per cent of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification.

In such an event, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left(\frac{NSB + NS (CMP)}{NSB + NS (FMV)} \right)$$

where:

- NSB : is the aggregate number of Issuer's Shares immediately before such alteration;
- NS (CMP) : is the number of Issuer's Shares which the aggregate consideration (if any) receivable by the Issuer for the Issuer's Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities (in each case so modified) would have obtained had such conversion or exchange or exercise (in each case so modified) been effected at the Current Market Price per Issuer's Share at the time of such alteration; and
- NS (FMV) : is the maximum number of Issuer's Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate, but giving credit in such manner as a leading investment bank of international repute or an independent auditor selected by the Issuer (acting as an expert) considers appropriate (if at all) for any previous adjustment under this Condition in Section 3.3(h) or the above Condition in Section 3.3(g).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (i) *Other Offers to Shareholders:* The issue, sale or distribution by or on behalf of the Issuer or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any Subsidiary or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least fifty (50.0) per cent of the Issuer's Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under the Conditions in Sections 3.3(d), (e), (f) and (g)).

In such an event, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left(\frac{CMP - FMV}{CMP} \right)$$

where:

- CMP : is the Current Market Price of one (1) Issuer's Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- FMV : is the Fair Market Value on the date of such announcement, of the portion of the rights attributable to one (1) Issuer's Share.

Such adjustment shall become effective on the date of issue of the securities.

- (j) *Other Events:* If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one (1) or more events or circumstances not referred to in this Condition set out in Section 3.3, the Issuer shall at its own expense request a leading investment bank of international repute or an independent auditor (acting as an expert) selected by the Issuer, to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment shall be made and shall take effect in accordance with such determination provided that where the circumstances giving rise to any adjustment pursuant to this Condition set out in Section 3.3 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition as may be advised by a leading investment bank of international repute or an independent auditor (acting as an expert) selected by the Issuer, to be in such investment bank's or auditor's opinion appropriate to give the intended result.

3.4 Liquidation

In the event that the Company goes into liquidation, the Note will rank:

- (a) subordinate to any present and future secured debt obligations of the Company;
- (b) at least *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Company; and
- (c) in priority to all Shares.

3.5 Adjustment and Modification

In compliance with Rules 829 and 830 of the Catalist Rules, the Company will:

- (a) announce any adjustment made to the Conversion Price and resulting number of the Issuer's New Shares, in the event of rights, bonus or other capitalisation issues;
- (b) announce the expiry of the Note on the Maturity Date, and notice of the maturity will be sent to all Noteholders at least one (1) month before the Maturity Date; and
- (c) obtain Shareholders' approval for any material modification to the Note Conditions which is for the benefit of the holders of the Note, unless such modification is made pursuant to the terms of the Note.

3.6 Exemption from requirement of prospectus

The offer by the Company to the Subscriber to subscribe for the Note is made in reliance on the exemption under Section 272A(1) of the SFA. It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore.

4. PROPOSED CONVERTIBLE NOTE ISSUE AS AN INTERESTED PERSON TRANSACTION

4.1 Chapter 9 of the Catalist Rules

4.1.1 Chapter 9 of the Catalist Rules governs transactions by an issuer (that is, a company which is listed on the SGX-ST), as well as transactions by the issuer's subsidiaries and associated companies that are considered to be "at risk", with the issuer's interested persons (that is, the issuer's directors, chief executive officer, controlling shareholders and their respective associates (as defined in the Catalist Rules)). In general, when a transaction with an interested person and the value of the transaction singly, or, in aggregation with the values of other transactions entered into with the same interested person in the same financial year, equals or exceeds 5% of the issuer's latest audited consolidated NTA, that transaction shall be subject to the approval of the shareholders of the issuer.

4.1.2 As at the Latest Practicable Date, the Subscriber is deemed interested in a total of 128,500,000 Shares held by its subsidiary, Zhong Hong New World International Limited, and its nominees, representing 29.70% of the issued share capital of the Company. Accordingly, pursuant to the Catalist Rules, the Subscriber is deemed to be a "controlling shareholder" of the Company as it holds more than 15% interest in the share capital of the Company. A breakdown of the Shares held by the Subscriber, its associates and nominees as at the Latest Practicable Date is set out in the table below:

Concert Party	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Zhong Hong New World International Limited	88,500,000	20.46	–	–
ZhongHong New World Investment Pte Ltd ⁽²⁾	–	–	88,500,000	20.46
Zhonghong Xinqi Shijie Investment Ltd ⁽³⁾	–	–	88,500,000	20.46
Zhonghong Holding Co., Ltd ⁽⁴⁾	–	–	128,500,000	29.70
Zhonghong Zhuoye Group Ltd ⁽⁵⁾	–	–	128,500,000	29.70
Wang Yonghong ⁽⁶⁾	–	–	128,500,000	29.70
Total			128,500,000	29.70

Notes:

- ⁽¹⁾ Based on the existing issued and paid up share capital of the Company of 432,645,186 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- ⁽²⁾ Zhong Hong New World International Limited is the direct wholly owned subsidiary of Zhonghong New World Investment Pte. Ltd. Zhonghong New World Investment Pte. Ltd. is deemed interested in the shares held by Zhong Hong New World International Limited.
- ⁽³⁾ Zhong Hong New World International Limited is the indirect wholly owned subsidiary of ZhongHong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd. is deemed interested in the shares held by Zhong Hong New World International Limited.
- ⁽⁴⁾ Zhonghong Holding Co., Ltd. holds 100% of the issued share capital of Zhonghong Xinqi Shijie Investment Ltd. ZhongHong Xinqi Shijie Investment Ltd holds 100% of the issued share capital of ZhongHong New World Investment Pte. Ltd. ZhongHong New World Investment Pte. Ltd. holds 100% of the issued share capital of Zhong Hong New World International Limited. Zhonghong Holding Co., Ltd. is deemed interested in the shares held by Zhong Hong New World International Limited.
- ⁽⁵⁾ Zhonghong Zhuoye Group Ltd holds 26.55% of the issued share capital of Zhonghong Holding Co., Ltd. ZhongHong Holding Co., Ltd. holds 100% of the issued share capital of Zhongong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd holds 100% of the issued share capital of ZhongHong New World Investment Pte. Ltd. ZhongHong New World Investment Pte. Ltd. holds 100% of the issued share capital of Zhong Hong New World International Limited. Zhonghong Zhuoye Group Ltd is deemed interested in the shares held by Zhong Hong New World International Limited.
- ⁽⁶⁾ Wang Yonghong holds 100% of the issued share capital of Zhonghong Zhuoye Group Ltd. Zhonghong Zhuoye Group Ltd holds 26.55% of the issued share capital of Zhonghong Holding Co., Ltd. Zhonghong Holding Co., Ltd. holds 100% of the issued share capital of Zhonghong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd holds 100% of the issued share capital of Zhonghong New World Investment Pte. Ltd. Zhonghong New World Investment Pte. Ltd. holds 100% of the issued share capital of Zhong Hong New World International Limited. Wang Yonghong is deemed interested in the shares held by Zhong Hong New World International Limited.

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

4.2 NTA

- 4.2.1 Based on the Group’s latest audited consolidated accounts for the financial year ended 30 September 2016, the Group’s latest audited NTA amounted to approximately S\$16,608,000.
- 4.2.2 The value of the Issuer’s New Shares to be issued upon the conversion of the Note is S\$10,000,000, which is approximately 60.21% of the Group’s latest audited NTA.

4.3 Shareholder’s Approval

- 4.3.1 Since the value of the interest person transaction in relation to the Proposed Convertible Note Issue is more than 5% of the Group’s latest audited NTA, Shareholders’ approval is therefore required for the Proposed Convertible Note Issue pursuant to Rule 906(1) of the Catalist Rules.
- 4.3.2 Pursuant to Rule 919 of the Catalist Rules, the Subscriber and its associates must not vote on the resolution nor accept appointments as proxies unless specific instruction as to voting are given.

4.4 Total Value of Interested Person Transaction

For the period from the beginning of the current financial year, being 1 October 2016, to the Latest Practicable Date, save for the Proposed Convertible Note Issue, there was no transaction entered into with the Subscriber or any other interested person.

4.5 Director’s Interests

- 4.5.1 Mr. Liu Zuming, a Director of the Company, is also a director and the Chief Financial Officer of the Subscriber. Mr. Liu Zuming does not hold any material interests, direct or indirect, in the Subscriber.
- 4.5.2 Save as disclosed, none of the Directors hold any shares in the Subscriber (whether directly or indirectly).
- 4.5.3 No person is proposed to be appointed as a director of the Company in connection with the Proposed Convertible Note Issue. Accordingly, no service contract is proposed to be entered into between the Company and any such person.
- 4.5.4 Save as disclosed in this Circular and save for any Shares which they may hold, none of the Directors has any interest, direct or indirect, in the Proposed Convertible Note Issue.

5. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

- 5.1 SAC Capital Private Limited has been appointed as the IFA to advise the Audit Committee in respect of the Proposed Convertible Note Issue as an interested person transaction and to opine on whether the Proposed Convertible Note Issue as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders.
- 5.2 Having considered the factors as set out in the IFA Letter and subject to the assumptions and qualifications set out in the IFA Letter, the IFA is of the opinion that the Proposed Convertible Note Issue as an interested person transaction is on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders. Accordingly, the IFA advises the Audit Committee to recommend that the Independent Shareholders vote in favour of the Proposed Convertible Note Issue as an interested person transaction.
- 5.3 **Shareholders are advised to read and consider the IFA Letter for the Proposed Convertible Note Issue as an interested person transaction in its entirety as reproduced in Appendix A of this Circular and consider carefully the recommendations of the Independent Directors for the Proposed Convertible Note Issue and the Proposed IPT Resolution set out in this Circular.**

6. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee has considered the terms of the Proposed Convertible Note Issue and the opinion of the IFA set out in the IFA Letter, and is of the view that the terms of the Proposed Convertible Note Issue as an interested person transaction is (1) on normal commercial terms and (2) not prejudicial to the interests of the Company and its Independent Shareholders.

7. FINANCIAL EFFECTS OF THE PROPOSED CONVERTIBLE NOTE ISSUE

- 7.1 The financial effects of the Proposed Convertible Note Issue had been announced by the Company on 16 May 2017.

It is not possible at the Latest Practicable Date to determine precisely the financial effects of the Proposed Convertible Note Issue on the Company or the Group until the Note has been fully converted, exchanged or otherwise redeemed. However, for the purposes of illustration only, we have set out the financial effects of the full issue of the Note, and the S\$10,000,000 aggregate principal amount of the Note being fully converted into the Issuer's New Shares (the "Conversion"), based on the audited consolidated financial statements of the Group for the financial year ended 30 September 2016 ("FY 2016"), as adjusted for share buy-backs occurring in the 3-month financial period ended 31 December 2016 (the "Share Buy-Backs"), and the completion of the Balance Placement (as announced by the Company on 25 November 2016). The financial effects on the share capital and NTA of the Company or the Group (as the case may be) are computed on the assumption that the Conversion, the Share Buy-Backs and the Balance Placement had been completed on 30 September 2016. The financial effect on the loss per share of the Group is computed on the assumption that the Conversion, the Share Buy-Backs and the Balance Placement had been completed on 1 October 2015.

7.2 Share Capital

	The Company		
	As at 30 September 2016	After the Balance Placement	After Conversion
Share capital (S\$)	59,928,000	69,239,000	79,159,000
Number of issued and paid-up Shares	386,176,886	432,675,286	516,008,619
Issuer's New Shares as a proportion of Company's share capital as at 30 September 2016	21.6%	19.3%	16.1%

7.3 NTA

	The Group		
	As at 30 September 2016	After the Balance Placement	After Conversion
NTA (S\$)	16,608,000	25,919,000	35,839,000
Number of issued and paid-up Shares	386,176,886	432,675,286	516,008,619
NTA per Share (Singapore cents)	4.30	5.99	6.95

7.4 Loss Per Share

	The Group		
	As at 30 September 2016	After the Balance Placement	After Conversion
Net loss attributable to owners of the Company (S\$)	(7,947,000)	(7,947,000)	(7,947,000)
Number of issued and paid-up Shares	386,176,886	432,675,286	516,008,619
LPS per Share (Singapore cents)	(2.06)	(1.84)	(1.54)

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

8.1 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 issue of the Issuer's New Shares on the shareholding structure of the Company, are set out below:

	As at the Latest Practicable Date			After Conversion		
	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (%) ⁽¹⁾	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (%) ⁽¹⁾
Directors						
Boh Tuang Poh ⁽²⁾	–	19,595,426	4.53	–	19,595,426	3.80
Arnold Tan Kheng Lee	840,000	–	0.19	840,000	–	0.16
Substantial Shareholder						
Toread Holdings Group Co., Ltd ("Toread") ⁽³⁾	–	60,000,000	13.87	–	60,000,000	11.63
Goh Khoon Lim ⁽⁴⁾	–	40,494,437	9.36	–	40,494,437	7.85
28 Holdings Pte Ltd ("28 Holdings")	10,166,500	16,820,812	6.24	10,166,500	16,820,812	5.23
Gan Suat Lui ⁽⁵⁾	–	6,987,312	1.61	–	6,987,312	1.35
Vision Capital Pte Ltd ("Vision Capital")	24,768,000	–	5.72	24,768,000	–	4.80
See Lop Fu, James ⁽⁶⁾	–	24,768,000	5.72	–	24,768,000	4.80
Ong Nai Pew ⁽⁷⁾	–	26,810,366	6.20	–	26,810,366	5.20
Sheng Faqiang ⁽⁸⁾	–	60,000,000	13.87	–	60,000,000	11.63
Zhong Hong New World International Limited	88,500,000	–	20.46	88,500,000	–	17.15
ZhongHong New World Investment Pte Ltd ⁽⁹⁾	–	88,500,000	20.46	–	88,500,000	17.15
Zhonghong Xinqi Shijie Investment Ltd ⁽¹⁰⁾	–	88,500,000	20.46	–	88,500,000	17.15
Zhonghong Holding Co., Ltd. ⁽¹¹⁾	–	128,500,000	29.70	83,333,333	128,500,000	41.05
Zhonghong Zhuoye Group Ltd ⁽¹²⁾	–	128,500,000	29.70	–	211,833,333	41.05
Wang Yonghong ⁽¹³⁾	–	128,500,000	29.70	–	211,833,333	41.05

Notes:

⁽¹⁾ Based on the existing issued and paid up share capital of the Company of 432,645,186 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

⁽²⁾ Boh Tuang Poh's deemed interest arises from 19,595,426 shares registered in the names of his nominees.

⁽³⁾ Toread's deemed interest arises from 60,000,000 shares registered in the name of its nominee.

⁽⁴⁾ Goh Khoon Lim is deemed to have interest in the 26,987,312 shares held by 28 Holdings through his not less than 20% shareholdings in 28 Holdings.

Goh Khoon Lim is the beneficiary holder of 12,273,000 shares held by DBS Nominees Pte Ltd and 1,534,125 shares held by AmFraser Nominees.

⁽⁵⁾ Gan Suat Lui is deemed to have interest in the 26,987,312 shares held by 28 Holdings through her not less than 20% shareholdings in 28 Holdings.

⁽⁶⁾ See Lop Fu, James' deemed interest arises from 24,768,000 shares held by Vision Capital.

⁽⁷⁾ Ong Nai Pew's deemed interest arises from 26,810,366 shares held through his nominees.

- ⁽⁸⁾ Sheng Faqiang is deemed to have an interest in 60,000,000 Shares held by Toread through his controlling interest in Toread.
- ⁽⁹⁾ Zhong Hong New World International Limited is the direct wholly owned subsidiary of ZhongHong New World Investment Pte. Ltd. Zhong Hong New World Investment Pte. Ltd. is deemed interested in the shares held by Zhong Hong New World International Limited.
- ⁽¹⁰⁾ Zhong Hong New World International Limited is the indirect wholly owned subsidiary of Zhonghong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd. is deemed interested in the shares held by Zhong Hong New World International Limited.
- ⁽¹¹⁾ Zhonghong Holding Co., Ltd. holds 100% of the issued share capital of Zhonghong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd holds 100% of the issued share capital of Zhonghong New World Investment Pte. Ltd. ZhongHong New World Investment Pte. Ltd. holds 100% of the issued share capital of Zhong Hong New World International Limited. Zhonghong Holding Co., Ltd. is deemed interested in the shares held by Zhong Hong New World International Limited.
- ⁽¹²⁾ Zhonghong Zhuoye Group Ltd holds 26.55% of the issued share capital of Zhonghong Holding Co., Ltd. Zhonghong Holding Co., Ltd. holds 100% of the issued share capital of Zhonghong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd holds 100% of the issued share capital of ZhongHong New World Investment Pte. Ltd. ZhongHong New World Investment Pte. Ltd. holds 100% of the issued share capital of Zhong Hong New World International Limited. Zhonghong Zhuoye Group Ltd is deemed interested in the shares held by Zhong Hong New World International Limited.
- ⁽¹³⁾ Wang Yonghong holds 100% of the issued share capital of Zhonghong Zhuoye Group Ltd. Zhonghong Zhuoye Group Ltd holds 26.55% of the issued share capital of Zhonghong Holding Co., Ltd. Zhonghong Holding Co., Ltd. holds 100% of the issued share capital of Zhonghong Xinqi Shijie Investment Ltd. Zhonghong Xinqi Shijie Investment Ltd holds 100% of the issued share capital of Zhonghong New World Investment Pte. Ltd. ZhongHong New World Investment Pte. Ltd. holds 100% of the issued share capital of Zhong Hong New World International Limited. Wang Yonghong is deemed interested in the shares held by Zhong Hong New World International Limited.

8.2 No Interest

Save as disclosed, none of the Directors or Controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Convertible Note Issue, other than their respective interests in the Shares.

8.3 No Relationship

Save as disclosed, none of the Directors or Controlling Shareholders of the Company or their respective associates has any connection (including business relationships) with the Subscriber.

9. THE TAKE-OVER CODE

- 9.1** Assuming there are no further changes in the issued share capital of the Company between the date of this Circular and the conversion of the Note, upon conversion of the Note, the shareholding of the Subscriber will increase from 128,500,000 Shares, representing 29.70% of the issued share capital of the Company, to 211,833,333 Shares, representing 41.05% of the issued share capital of the Company.
- 9.2** Under Rule 14 of Take-over Code, 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) carry 30% or more of the voting rights of the company, such person must make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Take-over Code, unless such obligation to make a mandatory general offer is waived by the Securities Industry Council (the "SIC").
- 9.3** As such, the conversion of the Note will result in an obligation on the part of the Subscriber and parties acting in concert with it to make a mandatory offer under Rule 14 of the Take-over Code for all the Shares not owned, controlled or agreed to be acquired by the Subscriber and parties acting in concert with it, unless such obligation is waived by the SIC.

10. DIRECTORS' RECOMMENDATIONS

10.1 Proposed Convertible Note Resolution

Having considered the rationale for the Proposed Convertible Note Issue as set out in Section 2 of this Circular, the Directors are of the opinion that the Proposed Convertible Note Issue is in the best interests of the Company. Accordingly, they recommend that Independent Shareholders vote in favour of the Proposed Convertible Note Issue Resolution, pursuant to Rules 805, 824 and 812 of the Catalist Rules, as set out in the notice of EGM on page N-1 to N-2 of this Circular.

10.2 Proposed IPT Resolution

10.2.1 The Independent Directors, having considered, *inter alia*, the rationale for the Proposed Convertible Note Issue as set out in Paragraph 2 of this Circular and the advice of the IFA as set out in the IFA Letter in Appendix A to this Circular, are of the opinion that the Proposed IPT Resolution is in the best interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Shareholders vote in favour of the Proposed IPT Resolution.

10.2.2 The Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, the Directors recommend that any individual Shareholder who may require specific advice in relation to the Proposed Convertible Note Issue should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

10.3 No Recommendation by Interested Directors

As stated in Paragraph 4.5, Mr Liu Zuming is a director and the Chief Financial Officer of the Subscriber. As such, he is interested in and not considered to be independent in relation to the Proposed Convertible Note Issue. Accordingly, he has abstained from making any recommendation to the Shareholders.

10.4 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 Subscriber, use of proceeds from the Proposed Convertible Note Issue, financial effects of the Proposed Convertible Note Issue 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 Independent 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 Independent 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.

11. 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 21 July 2017 at 9.30 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.

12. ABSTENTION FROM VOTING

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

Furthermore, the Subscriber 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 Convertible Note Issue 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. 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.

14. CONSENT

SAC Capital Private Limited, 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 5 July 2017 and all references thereto, in the form and context in which it appears in this Circular.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Convertible Note Issue, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this 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.

16. 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 Convertible Note Subscription Agreement;
- b) the annual report for FY2016; and
- c) the announcement made by the Company dated 16 May 2017 in respect of the Proposed Convertible Note Issue.

Yours faithfully
For and on behalf of the Board of Directors of
ASIATRAVEL.COM HOLDINGS LTD

Boh Tuang Poh
Executive Chairman and Chief Executive Officer

APPENDIX A – IFA LETTER

SAC CAPITAL PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200401542N)

1 Robinson Road #21-02 AIA Tower
Singapore 048542

5 July 2017

To: The Audit Committee of Asiatravel.com Holdings Ltd

Dear Sirs

THE PROPOSED ISSUANCE OF A CONVERTIBLE NOTE WITH A PRINCIPAL AMOUNT OF S\$10,000,000 TO ZHONGHONG HOLDING CO., LTD. AS AN INTERESTED PERSON TRANSACTION

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 5 July 2017 (the "Circular") shall have the same meanings herein.

1. INTRODUCTION

On 16 May 2017 (the "**Announcement Date**"), Asiatravel.com Holdings Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") announced the proposed issuance of a convertible note with principal amount of S\$10,000,000 (the "**Note**") to Zhonghong Holding Co., Ltd. (the "**Subscriber**"), on the terms and subject to the conditions of the convertible note subscription agreement (the "**Convertible Note Subscription Agreement**") entered into on the aforementioned date (the "**Proposed Convertible Note Issue**"). The Note is convertible into fully paid-up new ordinary shares of the Company (the "**Conversion Shares**") at a conversion price of S\$0.12 (the "**Conversion Price**").

In accordance with Rule 906(1) of Section B: Rules of Catalyst of the Listing Manual of the SGX-ST (the "**Catalist Rules**"), Shareholders' approval must be obtained for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited net tangible asset ("**NTA**") or when aggregated with other interested person transactions during the same financial period, the value is equal to or more than 5% of the Group's latest audited NTA.

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

Based on the Group's latest audited consolidated accounts for the financial year ended 30 September 2016, the Group's latest audited consolidated NTA amounted to approximately S\$16.6 million. As the value of the Conversion Shares to be issued upon the conversion of the Note of S\$10,000,000 represents 60.21% of the Group's latest audited consolidated NTA as at 30 September 2016, which is more than 5% of the Group's latest audited consolidated NTA as at 30 September 2016, Shareholders' approval is therefore required for the Proposed Convertible Note Issue pursuant to Rule 906(1) of the Catalist Rules.

In connection with the above, the Company has appointed us as the independent financial adviser (the "IFA") to the audit committee of the Company (the "Audit Committee"), to express an opinion on whether the Proposed Convertible Note Issue as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Shareholders of the Company who are independent for the purposes of the Proposed Convertible Note Issue (the "Independent Shareholders").

This letter, which sets out our opinion and advice, has been prepared for the use of the Audit Committee in connection with the Proposed Convertible Note Issue as an interested person transaction and its recommendation to the Independent Shareholders arising thereof.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Audit Committee in relation to the Proposed Convertible Note Issue as an interested person transaction.

We are not and were not involved in any aspect of the negotiations entered into by the Company in connection with the Proposed Convertible Note Issue, or in the deliberations leading up to the decision of the Directors to undertake the Proposed Convertible Note Issue based on the terms and conditions as set out in the Convertible Note Subscription Agreement. Accordingly, we do not, by this letter, warrant the merits of the Proposed Convertible Note Issue, other than to express an opinion on whether the Proposed Convertible Note Issue as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders.

For the purposes of arriving at our opinion in relation to the Proposed Convertible Note Issue as an interested person transaction, we have confined our analysis to the terms of the Proposed Convertible Note Issue from a financial perspective. We have not conducted a comprehensive review of the business, operations or financial condition of the Group. We have also not evaluated the strategic, legal or commercial merits or risks of the Proposed Convertible Note Issue or the future growth prospects or earnings potential of the Group after the completion of the Proposed Convertible Note Issue. Accordingly, we do not express any view as to the prices at which the Shares may trade upon completion of the Proposed Convertible Note Issue, or upon the conversion of the Note, or on the future growth prospects, financial position and earnings potential of the Group after the completion of the Proposed Convertible Note Issue.

In the course of our evaluation, we have held discussions with the Directors and the management of the Company (the "Management") and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management, including the information contained in the Circular. The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, (a) all material information available to them in connection with the Proposed Convertible Note Issue has been disclosed in the Circular, (b) such information is true and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts 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.

Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified such information or representations and accordingly, cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or representations. We have, however, made such reasonable enquiries and exercised such judgement as were deemed necessary in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on.

We would like to highlight that, save as disclosed, all information relating to the Group that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or from 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 28 June 2017 (the "**Latest Practicable Date**"). We have also not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group and have not been furnished with any such evaluation or appraisal.

Our opinion and advice, as set out in this letter, are based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us, as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in the light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. In arriving at our opinion, with the consent of the Directors and/or the Company, we have taken into account certain other factors and have made certain assumptions as set out in this letter.

In arriving at our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser. Shareholders should further take note of any announcements which may be released by the Company after the Latest Practicable Date which are relevant to their consideration of the Proposed Convertible Note Issue.

Our opinion and advice in relation to the Proposed Convertible Note Issue as an interested person transaction should be considered in the context of the entirety of this letter and the Circular.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided 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, expressed or implied, on the contents of the Circular (other than this letter).

3. THE PROPOSED CONVERTIBLE NOTE ISSUE

3.1 Background of Subscriber

The Subscriber is a company incorporated in the People's Republic of China (the "**PRC**") and listed on the Shenzhen Stock Exchange (Stock Code: 000979). It is principally involved in the business of marketing, sales and development of commercial properties, including tourism-related real estate such as theme parks. As at the Latest Practicable Date, the Subscriber is deemed interested in a total of 128,500,000 Shares held by its wholly owned subsidiary, Zhong Hong New World International Limited ("**ZHNW**"), and its nominees, representing 29.70% of the issued share capital of the Company, and is a controlling shareholder of the Company.

3.2 Key Terms of the Proposed Convertible Note Issue

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

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

Issuer	: Asiatravel.com Holdings Ltd.
Subscription / Principal amount	: S\$10,000,000.
Issue price	: 100 per cent. of the principal amount of the Note.
Maturity Date	: In respect of the Note, the date falling three (3) years after the date on which the Company issues the Note (the " Subscription Date ").
Form and denomination	: The Note will be issued in registered form, serially numbered, in the denomination of S\$10,000,000. A note certificate (the " Certificate ") will be issued to the holder of the Note (the " Noteholder ") in respect of its registered holding of the Note. The Note and the Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Company will procure to be kept by the share registrar of the Company (the " Registrar ").
Interest	: The Note will not bear any interest.
Conversion Shares	: The maximum number of the Conversion Shares to be issued on conversion of the Note is 83,333,333, which is determined by dividing the principal amount of the Note by the Conversion Price.
Conversion Price	: S\$0.12, such Conversion Price shall be subject to adjustment in the manner provided in section 3.3 of the Circular. The Conversion Price represents a premium of approximately 66.7% to the weighted average price of S\$0.072 ⁽¹⁾ for trades done on the SGX-ST on 15 May 2017, being the full market day preceding the date on which the Convertible Note Subscription Agreement is signed.
Conversion Period	: The Note is convertible at the option of the Noteholder, at any time on and after the Subscription Date up to the close of business on the Maturity Date.
Conversion Price adjustments	: In accordance with the requirements of Rule 829 of the Catalist Rules, the Conversion Price shall be subject to adjustments in the event of, but not limited to, rights issues, bonus issues, capital distributions or the occurrence of certain other dilutive events in relation to the issued share capital of the Company.
Status of the Note	: The Note constitutes direct, unconditional and unsubordinated obligations of the Company and the Note is unsecured. The payment obligations of the Company under the Note ranks <i>pari passu</i> with all other unsecured obligations (other than the subordinated obligations and priorities created by law) of the Company.
Status of the Conversion Shares	: The Conversion Shares issued upon conversion of the Note will in all respects rank <i>pari passu</i> with the Shares in issue on the date the Noteholder is registered in the Company's register of members (the " Registration Date "). Save as set out in the Note Conditions, a holder of the Conversion Shares shall not be entitled to any rights the record date for which precedes the relevant Registration Date.
Redemption	: The Note will not be redeemable.

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

Governing Law : Singapore law.

Notes:-

- (1) This is based on the weighted average price for trades done on 12 May 2017, as there were no trades on the 15 May 2017 (being the full market day preceding the date on which the Convertible Note Subscription Agreement is signed).

The Conversion Price will be subject to adjustment following the occurrence of certain events. Please refer to section 3.3 of the Circular for further information.

3.3 Approvals

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

- (a) **Listing approval:** the receipt of the listing and quotation notice from the SGX-ST for the listing of the Conversion Shares and not having been revoked as of the Subscription Date;
- (b) **Shareholder's approval:** specific Shareholders' approval as required under the Catalist Rules obtained at an extraordinary general meeting of the Company in relation to the Proposed Convertible Note Issue; and
- (c) **All other approvals:** all other necessary consents (including any governmental, regulatory and/or corporate approvals and consents, for the transactions contemplated under the Proposed Convertible Note Issue, including any shareholders or board, or directors' approval and other regulatory and/or corporate approvals and consents required for the Company, and the Subscriber) having been obtained.

3.4 Other information on the Proposed Convertible Note Issue

Please refer to section 3.4 and 3.5 of the Circular for further information on the rank priority of the Note in the event of a liquidation and the announcement requirements of the Company on the Note pursuant to Rule 829 and 830 of the Catalist Rules.

4. THE PROPOSED CONVERTIBLE NOTE ISSUE AS AN INTERESTED PERSON TRANSACTION

Rule 906 of the Catalist Rules provides that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than, 5% of the Group's latest audited NTA.

As at the Latest Practicable Date, the Subscriber is deemed interested in a total of 128,500,000 Shares held by its wholly owned subsidiary ZHNW, and its nominees, which represents 29.70% of the issued share capital of the Company. Accordingly, pursuant to the Catalist Rules, the Subscriber is deemed to be a "controlling shareholder" of the Company as it holds more than 15% interest in the share capital of the Company.

As the Subscriber is a Controlling Shareholder, the Subscriber would be considered an "interested person" of the Company while the Company is an "entity at risk" under Chapter 9 of the Catalist Rules. Accordingly, the Proposed Convertible Note Issue constitutes an "Interested Person Transaction" under Chapter 9 of the Catalist Rules.

Based on the Group's latest audited consolidated accounts for the financial year ended 30 September 2016, the Group's latest audited consolidated NTA amounted to approximately S\$16.6 million. As the value of the Conversion Shares to be issued upon the conversion of the Note of S\$10,000,000 represents 60.21% of the Group's latest audited consolidated NTA as at 30 September 2016, which is more than 5% of the Group's latest audited consolidated NTA as at 30 September 2016, Shareholders' approval is therefore required for the Proposed Convertible Note Issue pursuant to Rule 906(1) of the Catalist Rules.

5. EVALUATION OF THE PROPOSED CONVERTIBLE NOTE ISSUE

In our evaluation of the Proposed Convertible Note Issue as an interested person transaction, we reviewed and examined the following factors which have a significant bearing on our assessment:

- (a) the rationale for the entry into the Proposed Convertible Note Issue;
- (b) the historical financial performance and condition of the Group;
- (c) the reasonableness of the terms of the Proposed Convertible Note Issue;
- (d) the financial effects of the Proposed Convertible Note Issue on the Group; and
- (e) other relevant considerations.

5.1 Rationale for entry into the Proposed Convertible Note Issue

The rationale for entry into the Proposed Convertible Note Issue and the use of proceeds from the Proposed Convertible Note Issue are set out in section 2.1 of the Circular and have been reproduced in italics below:

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

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

5.2 Historical Financial Performance and Condition of the Group

The salient historical financial information of the Group for the financial years ended 30 September 2014, 30 September 2015 and 30 September 2016 ("**FY2014**", "**FY2015**" and "**FY2016**" respectively), and the 3-month financial periods ended 31 December 2015, 31 December 2016, 31 March 2016, and 31 March 2017 ("**1Q2016**", "**1Q2017**", "**2Q2016**" and "**2Q2017**" respectively) is set out below:

Consolidated Income Statement

(S\$'000)	Audited			Unaudited			
	FY2014	FY2015	FY2016	1Q2016	1Q2017	2Q2016	2Q2017
Revenue	91,376	89,686	102,927	24,502	24,673	26,051	70,320
Loss before taxation	(10,522)	(11,227)	(8,800)	(1,653)	(1,904)	(2,505)	(3,588)
Loss net of tax	(10,488)	(11,515)	(8,834)	(1,665)	(1,914)	(2,516)	(3,600)
Loss net of tax, attributable to owners of the Company	(9,647)	(10,816)	(7,927)	(1,546)	(1,678)	(2,166)	(3,343)

Balance Sheet

(S\$'000)	Audited			Unaudited	
	As at 30 September			As at 31 December	As at 31 March
	2014	2015	2016	2016	2017
Current assets	25,922	29,037	30,773	41,630	33,331
Current liabilities	12,579	14,780	18,461	21,351	21,194
Working capital	13,343	14,257	12,312	20,279	12,137
Non-current assets	14,386	14,154	12,718	12,617	17,003
Non-current liabilities	1,047	1,642	676	521	489
Borrowings	1,671	2,556	1,639	1,399	1,367
Total equity attributable to owners of the Company	24,393	24,566	23,038	31,295	27,828

Consolidated Cash Flow Statement

(S\$'000)	Audited			Unaudited			
	FY2014	FY2015	FY2016	1Q2016	1Q2017	2Q2016	2Q2017
Net cash generated from/(used in) operating activities	(9,520)	(7,490)	(7,001)	228	(360)	(415)	(5,054)
Net cash generated from/(used in) investing activities	(1,730)	(1,916)	(2,039)	(173)	(328)	(462)	22
Net cash generated from/(used in) financing activities	12,842	9,951	6,938	(220)	9,071	(227)	(61)
Net increase/(decrease) in cash and cash equivalents	1,592	545	(2,102)	(165)	8,383	(1,104)	(5,093)
Cash and cash equivalents at end of year/period	5,500	6,074	3,932	5,869	12,404	4,781	7,347

Source: Company's annual reports for FY2015 and FY2016, and the announcements of the unaudited financial statements for 1Q2017 and 2Q2017.

We note the following:

- (a) **Revenue.** The Group's revenue decreased by 1.9% from S\$91.4 million in FY2014 to S\$89.7 million in FY2016, due to a decrease in the revenue from the offline wholesale business, offset by a slight increase in the revenue from the online business. The Group's revenue increased by 14.8% from S\$89.7 million in FY2015 to S\$102.9 million in FY2016, due to an increase in revenue from the online B2B business. Revenue for 1Q2017 was stable compared to 1Q2016. 2Q2017 saw a jump of 169.9% in revenue from S\$26.1 million in 2Q2016 to S\$70.3 million in 2Q2017 as a result of increases in revenue from the hotel reservation business and the tour packages business which were mainly contributed by the Group's operations in the PRC following the acquisition of 3 PRC subsidiaries, namely 北京畅旅科技有限公司 ("Beijing Chang Lu"), 北京彼岸国际旅行社有限公司 ("Beijing Bi An"), and 北京祺迹国际旅行社有限公司 ("Beijing Qi Ji").
- (b) **Net Loss.** The Group recorded a net loss in each of FY2014, FY2015, FY2016, 1Q2017 and 2Q2017.

The Group recorded a net loss of S\$11.5 million in FY2015 compared to S\$10.5 million in FY2014 mainly due to: (i) a lower revenue recorded in FY2015; (ii) higher costs of services; and (iii) higher salaries and employee benefits expense; offset by lower other operating expenses as a result of cutting back on advertising and promotion expenses.

In FY2016, the Group's net loss shrunk to S\$8.8 million from S\$11.5 million in FY2015 as a result of: (i) an increase in revenue from the online B2B business; and (ii) lower other operating expenses from further cut backs on advertising and promotion expenses; offset by higher costs of services.

In 1Q2017, the Group's net loss increased from S\$1.7 million in 1Q2016 to S\$1.9 million in 1Q2017 as the costs of services and other operating expenses outpaced the increase in revenue.

The Group's net loss widened to S\$3.6 million in 2Q2017 compared to S\$2.5 million in 2Q2016 following the acquisition of Beijing Chang Lu, Beijing Bi An and Beijing Qi Ji as the costs of services outpaced the increase in revenue.

(c) **Working Capital.** The Group's working capital was positive as at 30 September 2014, 2015 and 2016, and as at 31 March 2017. However, the positive working capital was likely to be contributed by fund raisings carried out by the Group in each of FY2014, FY2015, FY2016 and in 1Q2017.

(d) **Equity attributable to owners of the Company.** Equity attributable to owners of the Company has been gradually decreasing from S\$24.4 million as at 30 September 2014 to S\$23.0 million as at 30 September 2016, mainly due to accumulated losses, offset by increases in share capital resulting from the completion of the Proposed Initial Subscription (as defined under paragraph 5.5.3) and the Partial Placement (as defined under paragraph 5.5.3).

Equity attributable to owners of the Company jumped to S\$31.3 million as at 30 December 2016 due to the issuance of the Balance Placement Shares (as defined under paragraph 5.5.3) to ZHNW, but fell to S\$27.8 million as at 31 March 2017 due to continued losses in 2Q2017.

(e) **Operating cash flows.** The Group recorded net operating cash outflows for each of FY2014, FY2015, FY2016, 1Q2017 and 2Q2017, registering a net outflow of S\$9.5 million, S\$7.5 million, S\$7.0 million, S\$360,000 and S\$5.1 million respectively, mainly due to net losses reported in each of the financial year or financial period.

(f) **Cash and cash equivalents.** As at 31 March 2017, the Group's cash and cash equivalents amounted to S\$7.3 million.

5.3 Reasonableness of the terms of the Proposed Convertible Note Issue

Based on the terms of the Proposed Convertible Note Issue, the \$10,000,000 principal amount of the Note can be converted into a maximum number of 83,333,333 Conversion Shares, at the Conversion Price of \$0.12 per Conversion Share.

Accordingly, we have considered the following in assessing the reasonableness of the Conversion Price:

- (a) market quotation of the Shares;
- (b) comparison with the net asset value ("NAV") of the Group;
- (c) comparison with precedent issues of convertible debt; and
- (d) comparison with precedent share placement issues.

5.3.1 Market quotation of the Shares

The trend of the daily closing prices of the Shares for the period commencing 12 months prior and up to the Announcement Date and ending on the Latest Practicable Date is set out in the chart below:



Source: Bloomberg L.P.

A summary of the salient announcements and key events relating to the Company during the aforesaid period is set out below:

Date	Event
31 May 2016	Interim announcement pertaining to the receipt of S\$8.3 million out of S\$100.0 million placement consideration from ZHNW under the Proposed Share and Warrant Placement (as defined under paragraph 5.5.3), pursuant to which the Company will issue 41,500,000 new Shares to ZHNW for the Partial Placement.
8 June 2016	Completion of the Partial Placement and the increase in the Company's issued share capital from 350,588,286 Shares to 392,088,296 Shares. The Subscriber becomes a controlling shareholder of the Company with effect from 7 June 2016.
13 June 2016	Notice to warrant holders of expiry of W160715 warrants on 15 July 2016 at 5.00 p.m..
17 June 2016	Update announcement on the Proposed Share and Warrant Placement and the submission of an application to the Securities Industry Council ("SIC") to seek an extension of time to 31 December 2016 for ZHNW to rely on the whitewash resolution approved by Shareholders during the extraordinary general meeting held on 18 March 2016 (the "First Whitewash Resolution").
10 August 2016	Update announcement on the Proposed Share and Warrant Placement and the SIC ruling that the ZHNW cannot rely on the First Whitewash Resolution for the remaining Placement Shares (as defined under paragraph 5.5.3) not issued under the Proposed Share and Warrant Placement. A new whitewash waiver ruling was granted by the SIC, subject to the fulfillment of certain conditions (the "New Whitewash Waiver").
12 August 2016	Announcement on the unaudited interim financial results for the 3-month financial period ended 30 June 2016 which reported a net loss attributable to owners of the Company of S\$1.0 million as compared to a net loss of S\$2.3 million for the 3-month financial period ended 30 June 2015.
6 September 2016	Clarification announcement in relation to the decision by the board of the Subscriber not to proceed with: (i) the memorandum of understanding with certain substantial shareholders of the Company to acquire their shareholdings in the Company at \$0.30 per Share, constituting 51% of the issued share capital of the Company then (the "Proposed Share Acquisition"); and (ii) the conditional general offer for all of the issued and paid up ordinary shares in the Company at \$0.30 per Share following the Proposed Share Acquisition. An extension was granted for ZHNW to fulfill the balance placement consideration of S\$91.7 million by 31 December 2016 based on the New Whitewash Waiver.

Date	Event
24 November 2016	Announcement on entering into the Second Supplemental Agreement (as defined under paragraph 5.5.3) to further amend and vary the Share and Warrant Placement Agreement (as supplemented by the First Supplemental Agreement (as defined under paragraph 5.5.3) dated 31 March 2016), and the issuance and allotment of the Balance Placement Shares at the placement price of S\$0.20 per Balance Placement Share for an aggregate consideration of S\$9,400,000.
25 November 2016	Announcement on the completion of the Balance Placement Shares Subscription (as defined under paragraph 5.5.3), following which the Subscriber holds a deemed interest in 128,500,000 Shares, representing approximately 29.69% of the enlarged share capital of the Company then.
29 November 2016	Announcement on the unaudited financial results for the FY2016 which reported a net loss attributable to owners of the Company of S\$7.9 million as compared to a net loss of S\$10.8 million in FY2015.
6 January 2017	Announcement on the annual report for the FY2016 which reported a net loss attributable to owners of the Company of S\$7.9 million, as compared to a net loss of S\$10.8 million in FY2015.
25 January 2017	Announcement on the results of the Annual General Meeting ("AGM") held on 25 January 2017 and the passing of all resolutions as set out in the notice of AGM dated 9 January 2017.
25 January 2017	Announcement on the cessation of Mr. Sheng Faqiang as Non-Executive Director with effect 25 January 2017 due to personal reasons.
14 February 2017	Announcement on the unaudited interim financial results for the 1Q2017 which reported a net loss attributable to owners of the Company of S\$1.7 million as compared to a net loss of S\$1.5 million in 1Q2016.
10 March 2017	Announcement on the appointment of Mr. Liu Zuming as a Non-Executive Director with effect from 15 March 2017.
10 March 2017	Announcement on the appointment of Mr. Wang Yongli as a Non-Executive Director with effect from 15 March 2017.
10 March 2017	Announcement on the appointment of Mr. Guok Chin Huat Samuel as an Independent Director with effect from 15 March 2017.
22 March 2017	Announcement on the change of financial year end from 30 September to 31 December.
11 April 2017	Announcement on the completion of the acquisitions of Beijing Chang Lu, Beijing Bi An and Beijing Qi Ji by an indirect, wholly owned subsidiary, 北京亞程科技有限公司.
21 April 2017	Announcement on the increase in paid-up share capital of AT Reservation Network Pte. Ltd., a wholly-owned subsidiary.
9 May 2017	Announcement on the unaudited interim financial results for the 2Q2017 which reported a net loss attributable to owners of the Company of S\$3.3 million as compared to a net loss of S\$2.2 million in 2Q2016.
16 May 2017	Announcement on the Proposed Convertible Note Issue with a principal amount of S\$10,000,000 to the Subscriber.

A tabulation of the volume-weighted average prices (“**VWAP**”) of the Shares over periods of one (1), three (3), six (6) and 12 month(s) prior and up to the Announcement Date and for the period after the Announcement Date and up to the Latest Practicable Date is set out as follows:

	Lowest closing price ⁽¹⁾ (S\$)	Highest closing price ⁽¹⁾ (S\$)	VWAP ⁽¹⁾ (S\$)	Premium of Conversion Price over VWAP ⁽¹⁾ (%)
Periods prior and up to the Announcement Date				
Last 12 months	0.063	0.179	0.125	(4.0)
Last 6 months	0.063	0.145	0.086	39.5
Last 3 months	0.063	0.090	0.076	57.9
Last one month	0.072	0.080	0.074	62.2
Last Market Day ⁽²⁾ prior to the Announcement	0.080	0.080	0.072	66.7
Period after the Announcement Date and up to the Latest Practicable Date				
After the Announcement Date and up to the Latest Practicable Date	0.065	0.084	0.076	57.9
Latest Practicable Date ⁽³⁾	0.073	0.073	0.070	71.4

Source: Bloomberg L.P.

Notes:

- (1) This excludes any off market transaction.
- (2) This refers to 12 May 2017, being the last market day (the “**Last Market Day**”) on which the Shares were traded on the SGX-ST prior and up to the Announcement Date. There was an off market transaction of 3.2 million shares at \$0.08 for each Share on 15 May 2017.
- (3) This refers to 20 June 2017, being the last market day on which Shares were traded on the SGX-ST prior and up to the Latest Practicable Date.

We note the following with regard to the periods prior and up to the Announcement Date:

- (a) the Shares generally traded above the Conversion Price for the period up to November 2016, and below the Conversion Price for the period after November 2016. We note that the Proposed Share and Warrant Placement (as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement) was completed in November 2016;
- (b) during the 12-month period prior and up to the Announcement Date, the closing prices of the Shares ranged between a low of S\$0.063 (on 27 December 2016, 27 March 2017 and 31 March 2017) and a high of S\$0.179 (from 13 to 17 June 2016). The Conversion Price represents (i) a significant premium of S\$0.057 (or 90.5%) over the lowest closing price of the Shares during the aforementioned 12-month period, and (ii) a discount of S\$0.059 (or 33.0%) to the highest closing price of the Shares during the aforementioned 12-month period;
- (c) the Conversion Price represents a small discount of 4.0% and significant premiums of 39.5%, 57.9% and 62.2% over the VWAP of the Shares for the 12-, 6-, 3- and one-month period prior and up to the Announcement Date respectively; and
- (d) the Conversion Price represents a significant premium of 66.7% over the VWAP of the Shares of S\$0.072 on 12 May 2017, being the Last Market Day.

We note the following with regard to the period after the Announcement Date and up to the Latest Practicable Date:

- (a) the closing prices of the Shares ranged between a low of S\$0.065 (on 19 June 2017) and a high of S\$0.084 (on 17 May 2017). The Conversion Price represents a significant premium of S\$0.055 (or 84.6%) over the lowest closing price of the Shares and a premium of S\$0.036 (or 42.9%) over the highest closing price of the Shares during the aforementioned period;
- (b) the Conversion Price represents a significant premium of S\$0.044 (or 57.9%) over the VWAP of the Shares of S\$0.076 for the aforementioned period; and
- (c) the Conversion Price represents a significant premium of S\$0.047 (or 64.4%) over the closing price of the Shares of S\$0.073, being the last market day on which the Shares were traded on the SGX-ST prior and up to the Latest Practicable Date.

5.3.2 Comparison with the NAV of the Group

NAV of the Group

Based on the latest unaudited consolidated financial statements of the Group as at 31 March 2017, the unaudited consolidated NAV of the Group (excluding non-controlling interests) amounted to S\$27.8 million, or S\$0.064 per Share (based on 432,645,186 issued Shares excluding treasury Shares as at 31 March 2017). Accordingly, the Conversion Price of S\$0.12 per Share represents a significant premium of S\$0.056 (86.6%) over the unaudited consolidated NAV per Share of S\$0.064 as at 31 March 2017.

The Directors have confirmed that to the best of their knowledge and belief, (a) they are not aware of any circumstances which may cause the NAV of the Group, as at the Latest Practicable Date, to be materially different from that recorded in the unaudited balance sheet of the Group as at 31 March 2017; (b) there have been no material acquisitions or disposals of assets by the Group since 31 March 2017 and up to the Latest Practicable Date; and (c) there are no other contingent liabilities, bad or doubtful debts or impairment losses which are likely to have a material impact on the unaudited NAV of the Group as at 31 March 2017.

5.3.3 Comparison with precedent issues of convertible debts

In assessing the reasonableness of the terms of the Proposed Convertible Note Issue, we have compared the financial terms of the Convertible Note Subscription Agreement with those of selected recent unlisted convertible or exchangeable loans or bonds issued by companies listed on the SGX-ST (the "**Precedent Convertible Debt Transactions**"), which were announced in the one-year period prior to the Announcement Date and which had been completed as at the Latest Practicable Date (the "**Relevant Period**"). For the purpose of our comparison, we have excluded convertible or exchangeable loans or bonds which do not have a fixed conversion price. While not directly comparable to the Proposed Convertible Note Issue, the Precedent Convertible Debt Transactions provide a reference on certain market rates and terms.

Shareholders should note that the circumstances and terms relating to the Precedent Convertible Debt Transactions are unique and might not be identical to the Proposed Convertible Note Issue, and are dependent on factors such as the financial performance and position of the companies, the volatility and trading liquidity of the shares of the companies, and the market sentiments prevailing at the time of the relevant Precedent Convertible Debt Transactions.

We wish to highlight that the Precedent Convertible Debt Transactions set out below are by no means exhaustive. In addition, the Group is not directly comparable to the companies involved in the Precedent Convertible Debt Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, accounting policies, financial performance, operating and financial leverage, asset base, risk profile, track record, future prospects and other relevant criteria. Any comparison merely serves as an illustrative guide and each of the Precedent Convertible Debt Transactions must be judged on its own commercial and financial merits. Accordingly, any comparison made herein is strictly limited in scope.

Company	Date of announcement	Principal sum (in 000's)	Tenure (years)	Security	Conversion Price (\$\$)	Premium/(Discount) of conversion price over/(to) VWAP ⁽¹⁾ prior to announcement (%)	Conversion price-to-NTA per share ratio (times) ⁽²⁾	Interest rate per annum (%)	Redeemable	Redemption Terms on Maturity																
Vibropower Corporation Limited	26 September 2016	S\$1,000	1	Unsecured	0.240	9.1	0.54	12.0 ⁽³⁾	Yes	100% of principal sum																
Jubilee Industries Holdings Ltd.	7 October 2016	US\$8,000	3	Unsecured	0.032	21.2 ⁽⁴⁾	0.56	2.0	Yes	100% of principal sum																
Asia Fashion Holdings Limited	25 November 2016	S\$2,100	3	Unsecured	0.35	284.6	3.37	7.0	Yes	103% of principal sum ⁽⁶⁾																
Disa Limited (formerly known as Equation Summit Limited)	27 December 2016	S\$12,000	2 ⁽⁸⁾	Unsecured	0.011	-	4.60	9.0	Yes	100% of principal sum																
Healthway Medical Corporation Limited	17 January 2017 ⁽⁷⁾	S\$70,000	5 ⁽⁷⁾	Secured	0.03384	(10.0) ⁽⁶⁾	1.11 ⁽⁸⁾	- ⁽⁹⁾	Yes	100% of principal sum plus redemption premium for noteholder to achieve internal rate of return of 6% ⁽¹⁰⁾																
HLH Group Limited	19 January 2017	S\$20,000	3	Unsecured	0.01	(8.3) ⁽¹¹⁾	0.52	5.0	Yes	100% of principal sum																
Emerging Towns & Cities Singapore Ltd (formerly known as Cedar Strategic Holdings Ltd.)	25 January 2017	US\$29,302	1.25	N.A. ⁽¹²⁾	0.09	11.1 ⁽¹³⁾	1.96 ⁽¹⁴⁾	1.0	Yes	100% of principal sum																
Mercurius Capital Investment Limited	17 March 2017	S\$1,000	1	N.A. ⁽¹²⁾	0.100	108.3	288.25	8.0	Yes	100% of principal sum																
Addvalue Technologies Ltd	29 April 2017	S\$7,068	4 ⁽¹³⁾	N.A. ⁽¹²⁾	0.055	9.1	20.41	5.0	Yes	100% of principal sum																
							<table border="1"> <tr> <td>High</td> <td>284.6</td> <td>288.25</td> <td>12.0</td> </tr> <tr> <td>Mean</td> <td>17.6⁽¹⁶⁾</td> <td>1.81⁽¹⁷⁾</td> <td>5.4</td> </tr> <tr> <td>Median</td> <td>9.1⁽¹⁶⁾</td> <td>1.11⁽¹⁷⁾</td> <td>5.0</td> </tr> <tr> <td>Low</td> <td>(10.0)</td> <td>0.52</td> <td>.1⁽¹⁶⁾</td> </tr> </table>	High	284.6	288.25	12.0	Mean	17.6 ⁽¹⁶⁾	1.81 ⁽¹⁷⁾	5.4	Median	9.1 ⁽¹⁶⁾	1.11 ⁽¹⁷⁾	5.0	Low	(10.0)	0.52	.1 ⁽¹⁶⁾			
High	284.6	288.25	12.0																							
Mean	17.6 ⁽¹⁶⁾	1.81 ⁽¹⁷⁾	5.4																							
Median	9.1 ⁽¹⁶⁾	1.11 ⁽¹⁷⁾	5.0																							
Low	(10.0)	0.52	.1 ⁽¹⁶⁾																							
Company	16 May 2017	S\$10,000	3	Unsecured	0.12	66.7	3.32	-	No	-																

Source: Bloomberg L.P., annual reports, circulars and/or announcements of the respective companies and SAC Capital's computations.

Notes:

- (1) VWAP prior to announcement is computed based on trades done on the last full market day preceding the date of the signing of the agreements of the respective companies, and is extracted from the circulars and/or announcements of the respective companies, where available.
- (2) NTA per share is computed based on the latest announced financial statements by the companies involved in the Precedent Convertible Debt Transactions prior to the date of announcement of the respective Precedent Convertible Debt Transactions.
- (3) Interest rate per annum is computed based on the arithmetic summation of the loan interest rate of 1.0% per month from the date of drawdown until the date that the converted shares are allotted to the lenders or repayment date, as the case may be.
- (4) Based on a VWAP of S\$0.0264 on 5 October 2016, being the full market day before the convertible loan agreement was signed.
- (5) An early redemption option is available to the bond issuer, commencing the seventh month from the issue date up until the maturity date of the bond, at 103% of the principal amount.
- (6) The maturity date of the bond is on the second anniversary of the date of the convertible bond agreement, being 23 December 2018.
- (7) On 16 January 2017 (the "Initial HMC Announcement Date"), Healthway Medical Corporation Limited ("HMC") entered into a subscription agreement (the "Original Subscription Agreement") to issue S\$10 million in convertible notes and S\$60 million in non-convertible notes (collectively, the "Initial Notes") to GW Active Limited ("GW"). The full amount of the Initial Notes shall be fully convertible upon satisfying certain conditions. The convertible notes were convertible into shares in HMC at a conversion price of S\$0.03384 for each share in HMC. On 23 March 2017, HMC announced that it had agreed with GW on certain amendments in the subscription agreement, including, *inter alia*, that (i) the Initial Notes shall be replaced with an issuance of convertible notes for an aggregate principal amount of S\$70 million to be issued in two tranches of S\$10 million and S\$60 million respectively; (ii) the notes do not carry a coupon; (iii) the maturity date of the notes shall be 5 years from the date of issuance of the first tranche of the notes; (iv) the notes shall be redeemable at maturity at 100% of the principal amount and a redemption premium that enables the noteholder to achieve an internal rate of return of 6% on the principal amount for the period from the respective issue dates of the notes to the maturity date; and (v) GW is entitled to deduct an upfront fee of S\$1.4 million, which is equivalent to 2% of the aggregate principal amount of S\$70 million made available by GW, due to the commitment made by GW for the entire facility amount.
- (8) The discount of the conversion price to the VWAP prior to the announcement in the above table was based on the conversion price of S\$0.03384 and the VWAP of S\$0.0376 for trades done on the shares in HMC on the SGX-ST on 11 January 2017 (being the preceding full market day in which there was trading in HMC's shares prior to the signing of the Original Subscription Agreement) as extracted from the announcement of the signing of the Original Subscription Agreement. The conversion price-to-NTA ratio in the above table was computed based on the conversion price of S\$0.03384 and the NTA per share of HMC based on the latest announced financial statement available prior to the signing of the Original Subscription Agreement.
- (9) The notes issued by HMC do not carry a coupon. However, GW is entitled to deduct an upfront fee of S\$1.4 million, which is equivalent to 2% of the aggregate principal amount of S\$70 million made available by GW. In addition, the notes are redeemable at maturity at 100% of the principal amount and a redemption premium that enables the noteholder to achieve an internal rate of return of 6% on the principal amount for the period from the respective issue dates of the notes to the maturity date.
- (10) The redemption premium is the amount required for the noteholder to achieve an internal rate of return of 6.0% on the principal amount for the period from the issue date to the maturity date.
- (11) Based on a VWAP of S\$0.0109 on 18 January 2017, being the full market day on which the subscription agreement was signed.
- (12) Information is not available as such terms were not disclosed in the respective companies' announcements and/or circulars.
- (13) Based on a VWAP of S\$0.081 on 25 January 2017, being the full market day on which the convertible loan agreement was signed.
- (14) Based on the unaudited consolidated NTA per share of Emerging Towns & Cities Singapore Ltd. as at 30 September 2016 and adjusted on for a share consolidation which was completed in December 2016.
- (15) The maturity date of the convertible loan notes is 4 years from the date of the subscription agreements, being 28 April 2021.
- (16) Being a statistical outlier, Asia Fashion Holdings Limited had been excluded from the computation of the mean and median premium/ (discount) over VWAP prior to announcement.

- (17) Being a statistical outlier, Mercurius Capital Investment Limited and Addvalue Technologies Ltd had been excluded from the computation of the mean and median conversion price-to-NTA ratios.

We note that:

- (a) the premium of the Conversion Price over the VWAP of the Shares for trades done on the Last Market Day of 66.7% is (i) within the range of the corresponding premia/(discounts) of the Precedent Convertible Debt Transactions of between a discount of 10.0% and a premium of 284.6%, and (ii) above the corresponding mean and median premia of 17.6% and 9.1% of the Precedent Convertible Debt Transactions respectively;
- (b) the Conversion Price-to-NTA ratio as implied by the Conversion Price and the unaudited consolidated NTA per Share of the Group (excluding non-controlling interests) as at 31 March 2017 of 3.32 times is (i) within the range of corresponding conversion price-to-NTA ratios of the Precedent Convertible Debt Transactions of between 0.52 times and 288.25 times, and (ii) above the mean and median conversion price-to-NTA ratios of the Precedent Convertible Debt Transactions of 1.81 times and 1.11 times respectively; and
- (c) the Note does not carry an interest, and hence compares favourably with the corresponding interest rates of the Precedent Convertible Debt Transactions of between 1.00% and 12.00% (excluding the convertible notes issued by HMC which similarly carry no coupon but entitles the noteholder to deduct an upfront fee equivalent to 2% of the aggregate principal amount made available to HMC as well as providing a redemption premium at maturity).

5.3.4 Comparison with precedent share placement issues

We wish to highlight that under the term and conditions of the Notes, unless the Note has been previously converted and cancelled, the Company shall convert the Notes at the Conversion Price on the Maturity Date. Given the non-interest bearing nature and the forced conversion at maturity, the Proposed Convertible Note Issue is akin to a secondary share placement. Accordingly, in assessing the reasonableness of the Conversion Price of the Note to the market price of the Company, we have compared with those of selected recent share placement issues for cash (the “**Precedent Placement Transactions**”) by companies listed on the SGX-ST, which were announced in the six-month period prior to the Announcement Date and which had been completed as at the Latest Practicable Date (the “**Placement Relevant Period**”).

We wish to highlight that the Precedent Placement Transactions set out below are by no means exhaustive. In addition, the Group is not directly comparable to the companies involved in the Precedent Placement Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, accounting policies, financial performance, operating and financial leverage, asset base, risk profile, track record, future prospects and other relevant criteria. Any comparison merely serves as an illustrative guide and each of the Precedent Placement Transactions must be judged on its own commercial and financial merits. Accordingly, any comparison made herein is strictly limited in scope.

Company	Date of announcement	Placement price (S\$)	Premium/(Discount) of placement price over/(to) VWAP ⁽¹⁾ prior to announcement (%)
Disa Limited (formerly known as Equation Summit Limited)	25 November 2016	0.0099	(10.0)
Arion Entertainment Singapore Limited (formerly known as Elektromotive Group Limited)	28 November 2016	0.002127	(10.0)
Disa Limited (formerly known as Equation Summit Limited)	28 November 2016	0.0099	(10.0)
New Silkroutes Group Limited	30 November 2016	0.97	(4.8)

Company	Date of announcement	Placement price (\$)	Premium/(Discount) of placement price over/(to) VWAP⁽¹⁾ prior to announcement (%)
Lorenzo International Limited	2 December 2016	0.035	66.7
Asia Fashion Holdings Limited	7 December 2016	0.11	37.5
Wilton Resources Corporation Limited	20 December 2016	0.05751	(10.0)
Artivision Technologies Ltd.	29 December 2016	0.0162	(10.0)
Cacola Furniture International Limited	5 January 2017	0.0045	12.5
Sunrise Shares Holdings Ltd. (formerly known as ITE Electric Co Ltd)	10 January 2017	0.0468	(10.0)
United Food Holdings Limited	16 January 2017	0.038	35.7
SIIC Environmental Holdings Ltd.	16 January 2017	0.63	10.9
Vallianz Holdings Limited	16 January 2017	0.02	11.1
Swing Media Technology Group Limited	23 January 2017	0.60	3.4
Darco Water Technologies Limited	26 January 2017	0.60	60.0
Infinio Group Limited	27 January 2017	0.001	-
Duty Free International Limited	13 February 2017	0.38	(4.7)
Singapore Medical Group Limited	17 February 2017	0.50	(6.0)
Duty Free International Limited	24 February 2017	0.38	(1.2)
Loyz Energy Limited	27 February 2017	0.026	(2.3)
Spackman Entertainment Group Limited	2 March 2017	0.161	(9.8)
UPP Holdings Limited	7 March 2017	0.25	(9.0)
China Medical (International) Group Limited	8 March 2017	0.0072	2.9
Blackgold Natural Resources Limited	10 March 2017	0.0901	(9.9)
Jackspeed Corporation Limited	10 March 2017	0.1265	(10.0)
Sinjia Land Limited	14 March 2017	0.06	(3.4)
Zico Holdings Inc.	24 March 2017	0.27	(4.7)
Blackgold Natural Resources Limited	27 March 2017	0.09	(6.8)
Addvalue Technologies Ltd	12 April 2017	0.039	(8.5)
Vibrant Group Limited	3 May 2017	0.38	⁽²⁾
		High	66.7
		Mean	3.3
		Median	(4.7)
		Low	(10.0)
Company	16 May 2017	0.12	66.7

Source: Bloomberg L.P. and announcements of the respective companies and SAC Capital's computations.

Notes:

- (1) VWAP is computed based on trades done on the last full market day preceding the date of the signing of the agreements of the respective companies, and is extracted from the announcements of the respective companies, where available.
- (2) Based on the placement price of S\$0.38 and the VWAP of S\$0.38 on 3 May 2017, being the full market day on which the shares were traded on which the subscription agreement was signed.

We note that the premium of the Conversion Price over the VWAP of the Shares for trades done on the Last Market Day of 66.7% is (i) within the range of the corresponding premia/(discounts) of the Precedent Placement Transactions of between a premium of 66.7% and a discount of 10.0%, and (ii) above the corresponding mean premium of 3.3% and the median discount of 4.7% of the Precedent Placement Transactions respectively.

5.4 Financial Effects of the Proposed Convertible Note Issue on the Group

For the purposes of illustration only, the financial effects of the Proposed Convertible Note Issue on the Group, based on the audited consolidated financial statements of the Group for FY2016, as adjusted for share buy-backs occurring in 1Q2017 (the "**Share Buy-Backs**"), and the completion of the Balance Placement Shares Subscription (as announced by the Company on 25 November 2016), are set out in Section 7 of the Circular. Shareholders are advised to read the information carefully, including the bases and assumptions set out therein.

The financial effects on the share capital and NTA per Share of the Group are computed on the assumptions that the Note is issued and fully converted into the Conversion Shares (the "**Full Conversion**"), the Share Buy-Backs and the Balance Placement Shares Subscription had been completed on 30 September 2016. The financial effects on the loss per Share of the Group are computed on the assumption that the Full Conversion, the Share Buy-Backs and the Balance Placement Shares Subscription are completed on 1 October 2015.

We note the following:

(a) Share capital

The issued and paid-up share capital of the Group would increase from S\$59.9 million as at 30 September 2016 to S\$69.2 million after the Balance Placement Shares Subscription and the Share Buy-Backs, and to S\$79.2 million after the Full Conversion;

(b) NTA per Share

The NTA per Share of the Group would increase from 4.30 cents as at 30 September 2016 to 5.99 cents after the Balance Placement Shares Subscription and the Share Buy-Backs, and to 6.95 cents after the Full Conversion; and

(c) Loss per Share ("LPS")

The LPS of the Group would decrease from 2.06 cents for FY2016 to 1.84 cents after the Balance Placement Shares Subscription and the Share Buy-Backs, and to 1.54 cents after the Full Conversion. The future effect of the Proposed Convertible Note Issue on the Group's earnings will depend on the income earned from the deployment of the Net Proceeds, and is not determinable at this point in time.

Shareholders should note that the financial effects analysis does not purport to be an indication or a projection or an estimate of the financial results and financial position of the Group after the completion of the Proposed Convertible Note Issue.

5.5 Other Relevant Considerations

5.5.1 Dilution impact to the Independent Shareholders

As at the Latest Practicable Date, the Subscriber is deemed interested in a total of 128,500,000 shares held by its subsidiary, ZHNW and its nominees, representing 29.70% of the issued share capital of the Company. The shareholding interests of the Subscriber as at the Latest Practicable Date and assuming the completion of the Proposed Convertible Note Issue and upon the Full Conversion is set out as follows:

	As at the Latest Practicable Date		Upon Full Conversion	
	No. of Shares	%	No. of Shares	%
The Subscriber, ZHNW and its nominees	128,500,000	29.70	211,833,333	41.05
Independent Shareholders (other than the Subscriber, ZHNW and its nominees)	304,145,186	70.30	304,145,186	58.95
Total	432,645,186	100.0	515,978,519	100.0

Upon the completion of the Full Conversion, the Subscriber's shareholding interests (direct and deemed) will increase from approximately 29.70% of the existing share capital to 41.05% of the enlarged share capital. Correspondingly, Independent Shareholders will have a dilution in their aggregate shareholding interest in the Company from approximately 70.30% of the existing share capital to approximately 58.95% of the enlarged share capital. In view of the above, we note that the Subscriber will still remain the single largest shareholding block.

In addition, under Rule 14 of the Take-over Code, 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) carry 30% or more of the voting rights of the company, such person must make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Take-over Code, unless such obligation to make a mandatory general offer is waived by the SIC.

In such an event, it should be noted that the Subscriber will have to observe any mandatory general offer obligations whenever it wishes to exercise the conversion rights of the Note, particularly in situations where its shareholding interest in the Company increases to 30% or more, unless such obligation is waived by the SIC.

5.5.2 Non-redeemable nature of the Note

We note the Note does not carry any interest and is non-redeemable. In addition, unless the Note has been previously converted and cancelled, the Company shall convert the Notes at the Conversion Price on the Maturity Date. Given the non-interest bearing nature and the forced conversion at maturity, the nature of the Note as a security is closer to equity than that of a debt instrument. It is only of value if converted to the Conversion Shares. In addition, the Conversion Price of the Note is at a significant premium of 66.7% over the VWAP of the Company's Share of S\$0.072 on the Last Market Day and a significant premium of 86.6% over the unaudited consolidated NAV per Share of S\$0.064 as at 31 March 2017.

5.5.3 Previous fund raising exercises with the Subscriber and its associates

On 22 October 2014, the Company entered into an initial share subscription agreement with the Subscriber for the subscription of 40,000,000 new ordinary shares in the capital of the Company (the "**Subscription Shares**"), at the issue price of S\$0.25 per Subscription Share for an aggregate amount of S\$10,000,000 (the "**Proposed Initial Subscription**"). On 8 April 2015, the Proposed

Initial Subscription was completed, with the Subscriber becoming a substantial shareholder of the Company, holding 11.41% of the then enlarged share capital of the Company of 350,577,036 Shares.

On 27 November 2015, the Company announced the entering of a conditional share & warrant placement agreement with ZHNW (the "**Share and Warrant Placement Agreement**"), pursuant to which the Company had agreed to:

- (a) allot and issue an aggregate of 500,000,000 new ordinary shares (the "**Placement Shares**") in the capital of the Company at the price of \$0.20 per Placement Share; and
- (b) constitute 400,000,000 non-listed, non-transferable warrants, each of which carries the right to subscribe for one Share at the initial exercise price of S\$0.24, and to constitute a further 100,000,000 non-listed, non-transferable warrants, each of which carries the right to subscribe for one Share at the initial exercise of S\$0.30 (collectively, the "**Proposed Share and Warrant Placement**").

On 31 May 2016, the Company announced that it has received S\$8.3 million as partial payment for the Proposed Share and Warrant Placement, and accordingly, it issued 41,500,000 Shares to ZHNW at the placement price of \$0.20 (the "**Partial Placement**"). The Partial Placement was completed on 7 June 2016, with the Subscriber holding a deemed interest in 81,500,000 Shares, representing approximately 20.8% of the then enlarged share capital of the Company of 392,088,286 Shares, and the Subscriber was deemed a controlling shareholder of the Company with effect 7 June 2016.

Following a first supplemental agreement dated 31 March 2016 to extend the long stop date of the Share and Warrant Placement Agreement (the "**First Supplemental Agreement**"), the Company and ZHNW entered into a second supplemental agreement on 20 November 2016 to further amend and vary the subscription of the Placement Shares under the Share and Warrant Placement Agreement (the "**Second Supplemental Agreement**"). Under the Second Supplemental Agreement, the Company shall issue and allot 47,000,000 Placement Shares (the "**Balance Placement Shares**") to ZHNW, at the placement price of S\$0.20 per Balance Placement Share for an aggregate consideration of S\$9,400,000 (the "**Balance Placement Shares Subscription**") on the fifth business day after the execution of the Second Supplement Agreement. On 25 November 2016, the Company announced the completion of the Balance Placement Shares Subscription, following which the Subscriber holds a deemed interest in 128,500,000 Shares, representing a deemed interest of approximately 29.69% of the enlarged share capital of the Company then.

We note that since the Proposed Initial Subscription by the Subscriber announced on the 22 October 2014, the Subscriber has invested a total amount of S\$27.7 million into the Company. Despite increases in revenue, the Company has been experiencing net losses and negative cash flow from operations from FY2014 till the latest quarterly results announced for 2Q2017. These capital injections from the Subscriber and its associates have been crucial to maintain sufficient liquidity and working capital for the Company's operations. In the absence of the Group's business turning cash flow positive, the Company is expected to continue to rely on external funding for its working capital.

5.5.4 Comparison with precedent placements to the Subscriber

As set out in paragraph 5.5.3 of this letter, the Company has previously conducted share placements to the Subscriber and its associates pursuant to the Proposed Initial Subscription and the Proposed Share and Warrant Placement. We note that the Conversion Price of the Proposed Convertible Note Issue is at a 66.7% premium to the VWAP on the Last Market Day, which compares favourably with the 7.5% discount and the 15.2% discount to VWAP for trades done on the SGX-ST for the preceding or on the full market day on which the subscription or placement agreement was signed for the Proposed Initial Subscription and the Proposed Share and Warrant Placement respectively.

The implied Conversion Price-to-NTA ratio for the Proposed Convertible Note Issue of 3.32 times is lower than the implied issue price-to-NTA ratio of 4.37 times and 4.27 times for the Proposed Initial Subscription and the Proposed Share and Warrant Placement, based on the issue price of S\$0.25 and S\$0.20, and the NTA per Share as of 30 June 2014 and 30 September 2015 respectively. NTA

per Share is computed based on the latest announced financial statements prior to the announcement dates of the Proposed Initial Subscription and the Proposed Share and Warrant Placement.

5.5.5 Outlook of the Group

In the Group's announced unaudited financial statements for 2Q2017, the following commentary was made:

"With reference to the announcement made on 11 April 2017, the Group has completed acquisition of 3 PRC companies. With this acquisition, the Group has secured the relevant travel agent and online licenses to operate in China. The acquisition has also formalized the Group's corporate structure, completing its re-positioning strategy to be a China-centric player and is now in a better position to tap into the huge and growing China outbound travel market.

Together with the substantial investments in strengthening of the Group's infrastructure and network across Asia, developing new products and establishing strong ground presence in China, the Group can monetize its past investments to significantly grow its revenue in FY2017 and beyond.

As the Group scales up its operations and revenue growth, it will work on the profitability.

The Group will continue to raise funds to strengthen its balance sheet and cashflow to embark on its growth strategy and plan to enhance shareholder value."

5.5.6 Voting abstentions

We note that as set out in section 12 of the Circular, *inter alia*:

- (a) the Subscriber has undertaken to the Company to abstain and procure that its associates will abstain from voting on the resolutions to approve the Proposed Convertible Note Issue; and
- (b) the Subscriber 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 Convertible Note Issue 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.

Accordingly, the approval of the Proposed Convertible Note Issue would be subject entirely to the approval of the Independent Shareholders.

6. **OUR OPINION AND ADVICE**

In arriving at our opinion and advice in respect of the interested person transaction, we have taken into account the following key considerations:

- (a) the rationale for the entry into the Proposed Convertible Note Issue, as detailed in paragraph 5.1 of this letter;
- (b) the historical financial performance and condition of the Group, as detailed in paragraph 5.2 of this letter;
- (c) the reasonableness of the terms of the Proposed Convertible Note Issue, as detailed in paragraph 5.3 of this letter;
- (d) the financial effects of the Proposed Convertible Note Issue on the Group, as detailed in paragraph 5.4 of this letter; and

- (e) other relevant considerations as follows:
- (i) the dilution impact to the Independent Shareholders;
 - (ii) the non-redeemable nature of the Note;
 - (iii) previous fund raising exercises with the Subscriber and its associates;
 - (iv) comparison with precedent placements to the Subscriber;
 - (v) the outlook of the Group; and
 - (vi) the voting abstentions by the Subscriber.

Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that the Proposed Convertible Note Issue as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders. Accordingly, we advise the Audit Committee to recommend that the Independent Shareholders to vote in favour of the Proposed Convertible Note Issue as an interested person transaction.

Our opinion and advice are addressed to the Audit Committee for the purposes of the interested person transaction. The recommendation to be made by the Audit Committee to the Independent Shareholders shall remain the responsibility of the Audit Committee. Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the forthcoming EGM and for the purposes of the interested person transaction.

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

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim
Executive Director

Chow You Yah
Senior Manager

EXTRAORDINARY GENERAL MEETING



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 21 July 2017 at 9.30 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 5 July 2017 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 and 2 set out in the Notice of EGM are inter-conditional. This means that if any one of Ordinary Resolutions 1 and 2 is not approved, the other resolution will not be passed.

ORDINARY RESOLUTION 1 – THE PROPOSED ISSUE OF UP TO S\$10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF CONVERTIBLE NOTE DUE 3 YEARS FROM THE DATE OF ISSUANCE OF THE NOTE TO ZHONGHONG HOLDING CO., LTD (THE “PROPOSED CONVERTIBLE NOTES ISSUE”)

Resolved that, subject to and contingent upon the passing of Ordinary Resolution 2 set out in this Notice of EGM:

- (a) approval be and is hereby given for the transactions contemplated under the Convertible Note Subscription Agreement, and without prejudice to the generality of the foregoing, authority be and is hereby given to the Directors or any of them to issue the Note and the Issuer’s New Shares arising from the conversion of the Note, pursuant to Rule 805(1) of the Catalist Rules, Section 161 of the Companies Act (Chapter 50) of Singapore, and the Articles of Association of the Company; and
- (b) the Directors and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary or expedient to give effect to this Resolution 1, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and ratified.

ORDINARY RESOLUTION 2 – PROPOSED CONVERTIBLE NOTE ISSUE AS AN INTERESTED PERSON TRANSACTION (THE “PROPOSED IPT RESOLUTION”)

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

In connection with the Proposed Convertible Note Issue and for the purpose of Chapter 9 of the Catalist Rules, approval be and is hereby given for the Company, as an entity at risk (as defined in Chapter 9 of the Catalist Rules), to enter into the Proposed Convertible Note Issue as an interested person transaction as set out in paragraph 4 of the Circular.

Note: The Subscriber will, and will procure that its associates to, abstain from voting on these Resolution 1 and 2 in respect of their shareholding, and will not accept nominations 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.

BY ORDER OF THE BOARD

Shirley Tan Sey Liy
Company Secretary

Singapore, 5 July 2017

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.



PROXY FORM

EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this 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 Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	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 21 July 2017 at 9.30 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 RESOLUTION	For*	Against*
1.	To approve the Proposed Convertible Note Issue		
2.	To approve the Proposed IPT Resolution		

Dated this _____ day of _____ 2017.

Total Number of Shares Held	
CDP Register	
Register of Members	

*Signature(s) of Member(s)
and Common Seal of Corporate Shareholder*

*delete where applicable

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 5 July 2017.

This page is left intentionally blank.

This page is left intentionally blank.